TECSYS®

SUPERIOR PLATFORM
FOR A NEW ERA OF GROWTH

Annual **Report**
2015

The statements in this annual report relating to matters that are not historical fact are forward-looking statements that are based on management's beliefs and assumptions. Such statements are not guarantees of future performance and are subject to a number of uncertainties, including but not limited to future economic conditions, the markets that TECSYS Inc. serves, the actions of competitors, major new technological trends, and other factors beyond the control of TECSYS Inc., which could cause actual results to differ materially from such statements. More information about the risks and uncertainties associated with TECSYS Inc.'s business can be found in the MD&A section of this annual report and the Annual Information Form for the fiscal year ended April 30, 2015. These documents have been filed with the Canadian securities commissions and are available on our Website (www.tecsys.com) and on SEDAR (www.sedar.com).

Copyright © TECSYS Inc. 2015. All names, trademarks, products, and services mentioned are registered or unregistered trademarks of their respective owners.

Table of Contents

Vision & Mission	4
TECSYS at a Glance	5
Message from the President	6
Message from the Chairman	10
TECSYS' Latest Supply Chain Platform Release	12
TECSYS - the Only End-to-End Supply Chain Optimization Solution for Health Systems	15
Six Health Systems Select TECSYS	16
TECSYS Granted U.S. Patent, Positioned as a Visionary by Gartner	18
TECSYS Increases Focus on Complex Supply Chains	19
TECSYS Unveils Visual Metrics Performance Measurement Suite	20
Management's Discussion and Analysis	22
Management's Report	44
Independent Auditors' Report	45
Financial Section	46
General information	85
Directors and Executive Management	86
Corporate information	87

Our Vision

TECSYS is in relentless pursuit of one goal—to be the dominant Supply Chain technology provider for distribution-centric operations. Our specific focus is in healthcare and complex supply networks. Today, hundreds of world-class companies and thousands of facilities with complex, high-volume distribution environments rely on TECSYS to achieve the highest level of customer service at the lowest possible operating costs.

Our Mission

We improve our customers' supply chains with unparalleled industry solutions based on our advanced, proven technologies and feature-rich suites of enterprise SCM and logistics applications. Backed up by the breadth and depth of our employees' expertise, and focused by our "Customers for Life" philosophy, we continue to be the software vendor of choice because of our distribution and supply chain management know-how. By leveraging the full power of our solutions to improve the efficiency and profitability of their businesses, our clients continue to soar as leaders in their respective fields.

TECSYS at a Glance

As of April 30, 2015, except where indicated.

$57.3 million
Revenue

$44.9 million
Backlog

13 cents/share
Earnings

$47.0 million
Bookings

+44%
Share price

$21.3 million
Recurring revenue

346
Employees

Dominant
Health systems market share

Platform
A Leap Forward in the Digital Era

Visionary*
Gartner WMS Magic Quadrant

* Fourth consecutive year as "Visionary"
Gartner 2014 WMS Magic Quadrant Report

Message from the President

Dear fellow shareholders,

2015 was a fantastic year for TECSYS, highlighted by strong execution of our long-term growth strategy and the successful integration of Logi-D. Our expanded healthcare offering has continued to attract great interest from our customers and has resulted in record order bookings in 2015. In fact, order bookings in fiscal 2015 increased to $47 million from $24 million in the prior year. Our strong order bookings stands as a testament to the value our customers place in our product offerings and gives us greater visibility to revenue growth in the coming year.

97%

Order bookings increase in fiscal 2015

KPI

$000's Except for EPS & ROE	2015	2014
Revenue	**57,284**	46,558
EBITDA	**4,401**	4,076
Profit from Operations	**1,947**	2,265
EPS	**0.13**	0.16
Backlog	**44,868**	29,199
ROE %	**7.6**	11.3
Cash from Operations	**1,394**	7,700
Recurring Revenue	**21,289**	17,614

"Throughout the past year, we have made targeted investments in our business to capitalize on the leading technological position that we have established in our existing markets and the future looks very promising."

Peter Brereton, President and CEO

Building on a Robust Growth Platform

Throughout the past year, we have made targeted investments in our business to capitalize on the leading technological position that we have established in our existing markets and the future looks very promising. We have continued to invest in all core areas of our business, including research and development and the sales & marketing team, as well as strengthening our management team.

While our healthcare segment has been delivering strong growth, we remain committed to pursuing our long-term strategy to become the undisputed leader in supply chain technology within market segments we focus on, not only in healthcare but also in complex supply networks for high-volume distribution environments.

Opportunities in the complex supply networks market are arising as a result of old technologies in the marketplace, the recent update of our core EliteSeries products to the latest web architecture and our large customer base. Given the opportunities we are witnessing, we have dedicated more resources and implemented new strategies in that segment to accelerate our expansion.

Healthcare

Maintaining and improving quality patient care while seeking out new and innovative methods for reducing expenses continues to be a top priority for North American healthcare providers. An example of a solution that TECSYS has recently released is the Operating Room ("OR") Inventory Manager. TECSYS OR Inventory Manager optimizes supply chain processes in the challenging OR environment which translates into reduced costs and less waste while maintaining the inventory levels needed to deliver excellent perioperative services.

Our supply chain management solutions in the healthcare vertical are clearly an important driver of our growth, contributing a significant portion of the new account bookings. Combined with our strong order backlog, we expect to see continued growth in our healthcare business in fiscal 2016.

Strong Operational Execution

During fiscal year 2015, revenue increased 23% to $57M compared to $47M in the prior fiscal year, while total contract bookings in fiscal 2015 grew 97% year over year. With the backlog now standing at $45M, up from $29M at the end of the prior year, the momentum remains strong. Our gross profit increased 36% to $28M, representing a gross margin of 48% up from 44% in fiscal 2014. After significant investments in sales and marketing as well as in our R&D team, our EBITDA grew 8% in fiscal 2015.

Strengthening Our Foundation

With the successful acquisition and integration of Logi-D this year, we have expanded our portfolio of healthcare solutions to offer our customers. While we knew the products were highly complementary, we are encouraged by the growth potential we are seeing. Not only have we executed on cross-selling opportunities, we believe TECSYS' strong credibility with healthcare providers has improved Logi-D's success rate.

Shareholder Returns

Our strong performance has rewarded our investors, who saw TECSYS' share price climb 44%. While it was an exceptional year, we remain optimistic about the Corporation's outlook and we will continue to actively work to raise awareness of TECSYS in the broader investment community to ensure we receive a fair valuation from the market.

Also during this fiscal year, we completed a bought deal offering for gross proceeds of $6.9 million at $8.90 a share. Concurrently, we secured a term loan for $2 million with a major financial institution. TECSYS executed this financing to fund our business growth in addition to providing the necessary capital for potential future acquisitions.

Looking to 2016

Looking ahead, with our strong balance sheet, strong demand for our innovative products and enhanced organizational structure, we remain in an excellent position to continue with solid growth into fiscal 2016. The market opportunity is significant, our product offering is leading edge and we remain focused on our operations to make sure we execute well. With the solid foundation we have established, we will continue executing on the opportunities we have in front of us while preparing for future projects we see coming in the marketplace.

I would like to thank our employees for their continued commitment to excellence, and to all of our clients for continuing to rely on us to help them achieve their supply chain management goals.

I would also like to thank our board of directors for their continued advice and support as well as the financial community, our loyal shareholders and all of our stakeholders.

I look forward to updating you on our continued progress throughout the year. We will continue to focus on supply chain innovation and growth as we strive to provide a solid return for all stakeholders.

Sincerely,

Peter Brereton
President and CEO

Superior Platform for a New Era of Growth

With TECSYS' Platform, supply chain organizations can significantly optimize business processes, make more informed decisions, accelerate growth, meet customer needs and delight their customers.

Industry leaders are embracing their transformation with TECSYS' Platform as they begin to rethink their supply chain and start using technology not just to improve their internal processes, but also as a driver of growth.

Looking ahead, with our strong balance sheet, strong demand for our innovative products and enhanced organizational structure, we remain in an excellent position to continue with solid growth into fiscal 2016.

Message from the Chairman

My fellow shareholders,

In fiscal 2015, the team at TECSYS executed on our long-term strategy and drove significant growth in the business. As a Board, we are pleased by the advances that our team has made in our key markets in addition to the developments within the Company itself. We grew our revenue 23%, our bookings by 97% and our gross profit by 36%. Within our healthcare segment, we have continued our momentum as the clear market leader, adding new clients and contributing 40% of total revenue.

Culture is the result of Core Values...not the printed or PowerPoint ones but the actual true core values of the leader(s). Our core values of integrity, respect always for individuals and their families, older and younger working side by side and leaders leading based on skills and drive, not seniority. We strive to have 'Customers for Life' by providing them awesome products, more value and better service every year.

TECSYS' long-term strategy is focused around developing our two main verticals in healthcare and complex supply networks for high-volume distribution environments. We have continued to make significant strides in our healthcare market and we are pleased to remain synonymous with supply chain technology in our industry. This year, we completed the acquisition and integration of Logi-D, extending our technological advantage over our competitors with a suite of unique products that complement our existing software.

Logi-D has empowered TECSYS' ability to go deeper within the individual hospitals networks and health systems that we serve, giving our team the abilities to identify and act on numerous cross-selling opportunities. With the success of this acquisition, we see the potential from continuing to evaluate accretive businesses within the complex supply networks space and will pursue additional acquisitions that are a good fit for TECSYS.

TECSYS has continued to provide our shareholders with strong results this year. We have increased our dividend by 20% to $0.09, from fiscal year 2014 to fiscal 2015. Our shareholders have been rewarded by strong stock appreciation as a result of our positive business fundamentals and our leadership in our existing markets.

The Board continuously monitors the risks the Company could face, and is always reviewing the Company's strategic and operational plans. Along with management, we look for the best way to grow the Company sustainably while maximizing long-term value for all stakeholders. As we see our strategy take hold, we have the utmost confidence that TECSYS has the leadership in place to build on this momentum.

This year, we elected to prudently raise capital to fund our ambitious growth targets. In total, we raised $6.9 million through a bought deal offering in addition to securing a term loan for $2 million. TECSYS executed this financing to fund our businesses growth in addition to providing the necessary capital for potential future acquisitions. We chose this route to minimize the dilutive effects on shareholder ownership while still providing our team the resources required to grow the business.

At the heart of TECSYS remains our commitment to being a good corporate citizen and our dedication to social justice with a special focus on at-risk youth. We have maintained our longstanding relationship with the Montreal Children's Hospital, a global youth organization known as Youth for Christ/Youth Unlimited, a camp for youth in Quebec called Frontier Lodge, and Education Plus, an alternative high school which celebrated its 21st anniversary. Each of these organizations help thousands of students find purpose and affect positive change within their communities and around the world. We are very proud to be a part of this change and believe that we have developed a culture at TECSYS that feels like a family, and we work together to give back to the community like families do.

I would like to express my sincere appreciation to my fellow board members for their leadership and the commitment they have provided throughout the year. As an independent balanced voice they have helped the Company capture the opportunities available to us. I would like to congratulate the management and our employees on an incredible year across all areas of the business, and thank our customers for their continued trust in our solutions. We look forward to another successful year in 2016.

Sincerely,

Dave Brereton
Executive Chairman of the Board

TECSYS' Latest Supply Chain Platform Release

Already a Leap Forward in the Fulfillment Challenges of the Digital Era

TECSYS' latest Platform release puts proven innovations, software elasticity, compliance and optimum user experience at the forefront of complex supply networks' fulfillment challenges brought about by volatile product demand in the Internet of Things and Omni-Channel distribution era.

TECSYS' Supply Chain Platform is a technology infrastructure on which all of TECSYS' applications are built. It is a robust, scalable and extendable platform that can adapt to complexity level, size and need of a variety of clients. With TECSYS' Platform, supply chain organizations can significantly optimize business processes, make more informed decisions, accelerate growth, meet customer needs and delight their customers.

A Paradigm Shift with a Proven Platform Technology

Industry leaders are embracing their transformation with TECSYS' Platform as they begin to rethink their supply chain in the Internet of Things era and start using technology not just to improve their internal processes, but also as a driver of growth.

TECSYS' Supply Chain Platform Distinctive Capabilities Include:

Exclusive Visual Content (Visual Logistics) Application

At the core of TECSYS' Supply Chain Platform are the Company's patented visual content as well as Visual-On-Voice applications. They are providing visual and visual with voice instructions to workers and empowering them to become significantly more efficient and accurate, at the same time enabling them to become increasingly responsive to their clients.

Robust Execution

Using innovative technology and processes, TECSYS' Supply Chain Platform is already responding to the challenges of complex supply networks.

According to a leading industry analyst, "TECSYS' visual logistics technology allows users to perform sophisticated tasks in the supply chain market without any delays, a feat that is not possible with competing WMS technologies that are mainly text based and applicable only for a specific function. The TECSYS WMS is developed on a complete supply chain execution platform that allows the merging of information obtained from various application segments and databases into a single query. It is also the only solution in the market that allows users to adapt and personalize the WMS according to their specific and ever-evolving needs."

Increased Ease of Personalisation & Use

TECSYS' Platform fluid adaptability is enabling supply chain leaders to transform their supply chain on-the-go. Non-technical staff are able to optimize daily, critical processes using TECSYS' user-friendly personalization engine.

According to the leading industry analyst firm's Vice President, Research Supply Chain Management, "TECSYS has a differentiated vision, architecture and solutions; these allow users to exploit visual information to improve process execution. The vendor's visual content goes well beyond just adding pictures to textual data — it allows users to control, through rules, where visual information will add value, what visual information will improve the process, and for whom and when visual information is needed to make processes work more effectively. The vendor has a unique and flexible approach to visibility; its platform allows users to pull data from multiple sources within TECSYS' applications as well as from outside data sources. Users can then assemble this data to create real-time personalized views, filtering and organizing the data as needed."

Richard Beeny, Co-Founder & CEO of LifeScience Logistics, stated: "With TECSYS' Supply Chain Platform we have built a great business model. It was one of the major pillars on which we started LifeScience Logistics that has enabled us to grow to a multimillion dollar company."

Harnessing True Scalability

TECSYS' Platform elasticity optimizes clients' supply chains as their business scales. Its scalability accommodates the constant flux in business models and volatile product demands.

Expanding Customers Supply Chain Capabilities for Growth

TECSYS' Platform provides supply chain leaders with expanded supply chain capabilities beyond warehouse management thus enabling them to deliver the highest value to their customers. Such expanded capabilities include Distribution & Transportation Management, Business Analytics, Financial Management, Demand Planning, Requisition Management, and 3PL Billing Management. Customers can also expand their supply chain capabilities by developing their own unique applications using the easy-to-use TECSYS Platform technology.

Accelerated Christian Education (A.C.E.), a TECSYS customer since the mid-nineties, has extended its partnership with TECSYS to modernize its technology; upgrading the full suite of its software applications to TECSYS' latest Platform for a seamless end-to-end management of its supply chain to deliver some 4,000 educational products primarily to schools in over 140 countries.

Dr. Gregory D. Mutsch, Executive Director of Business Administration at A.C.E., commented: "A strong ethical partnership and dependable supply chain platform are two great reasons to stay the course with TECSYS. At this juncture of our development, we could have looked at other supply chain software providers. TECSYS' integrity, professionalism and commitment to us, individually and to our business, are the glue that clearly cemented our partnership for years to come. Moving forward, we see TECSYS as the one-stop shop for our supply chain matters where everything that we do is under the TECSYS umbrella."

Further Ahead in Compliance

TECSYS' Platform delivers critical visibility and compliance with the Drug Supply Chain Security Act (DSCSA) lot-level traceability requirements including EDI 856 and other regulatory requirements as they come into effect in the months and years to come. TECSYS will continue to be at the forefront of these regulatory requirements to equip its customers with the required technology and expert knowhow to meet government and regulatory standards.

"TECSYS' suite of software brings government and commercial best practices to your doorstep. It will revolutionize how business is conducted in the healthcare arena. The Return on Investment is solid. If you are looking for innovation to become a front-runner in the industry, then you should look at TECSYS' portfolio of products. I did look and did not find anyone with the same depth and breadth of a superior Warehouse Management System platform as TECSYS," commented **Donna Van Vlerah, Vice President, Supply Chain Parkview Health.**

TECSYS – the Only End-to-End Supply Chain Optimization Solution for Health Systems

TECSYS equips health systems to transform their operations into a transparent, efficient and optimized supply chain network through to point of care. Clinicians can dedicate their time to patient care, while behind the scenes TECSYS' health system-specific software solutions ensure on-time delivery of supplies for patient-centric care.

With the addition of Logi-D, TECSYS has created the only supply chain management optimization solution for health systems that works from source to patient.

Robert Colosino, Vice-President of Marketing & Business Development at TECSYS, commented: "Today, with TECSYS, hospitals and health systems have a wealth of choices from one supplier to address their supply chain challenges, from point-of-use solutions to a fully interconnected network of supply chain infrastructure. TECSYS is well known for its Consolidated Service Center and its extended solutions that are deployed at most health systems' clients; delivering significant improvements to their bottom line and addressing the unique needs of clinical staff. Adding Logi-D's products means there are now no areas in hospitals where we cannot provide value, reflecting our deep commitment to this community. Logi-D's patented products extend our offering from the warehouse all the way to the bedside, further solidifying our position as the only provider of comprehensive supply chain solutions for hospitals and health systems today."

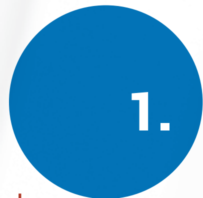
Together, TECSYS and Logi-D enable hospitals and health systems to save millions of dollars, improve margins, gain total inventory visibility across their supply chain and free clinicians to focus on patient care for better outcome.

TECSYS' solutions currently include: consolidated service center, supply management within the hospital, demand planning, transportation and delivery management, and business intelligence and analytics. With the addition of Logi-D they include: RFID-enabled two-bin replenishment, RFID-enabled item-level traceability, charge capture and patient-level traceability, data capture and treatment middleware, automated case management and high-density storage equipment.

Richard Philippe, V.P. and G.M. Point-of-Use Solutions at TECSYS, commented: "From the outset, we have targeted healthcare providers seeking to optimize their supply chain and reduce per item cost in a point-of-use setting. Our RFID technology platform and optimized process flows enabled us to become a key provider of point-of-use automation for North American hospitals. These offerings, while delivering significant advantages to individual hospitals, fit perfectly within TECSYS' end-to-end supply chain management solution and together we will continue delivering innovative technologies, for both standalone hospitals and integrated health systems that they have never seen before."

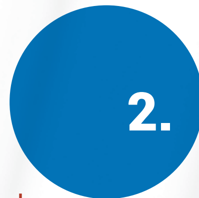
Six Health Systems Select TECSYS, Further Expanding its Footprint in Healthcare

The six new health systems are:



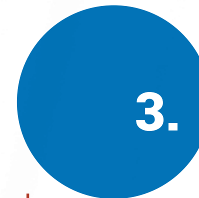
1.

The largest rural, not-for-profit health system in the United States with 39 hospitals, 140 clinics and 36 long-term care facilities. Located in the north-central part of the U.S., it employs more than 26,000 professionals and over 1,300 physicians across more than 80 specialty areas of medicine. The organization is experiencing dynamic growth through its dedication to exceptional care and improving the human condition through research and innovation.



2.

An award-winning integrated health system that employs over 25,000 professionals at four hospitals and a number of clinics in the western part of the United Sates. Each year this health system accepts over 65,000 admissions and performs more than 48,000 surgical procedures. Their mission is to improve the health of the public by advancing medical knowledge and providing outstanding primary and specialty care to people with the latest in medical discovery, treatments and technology.



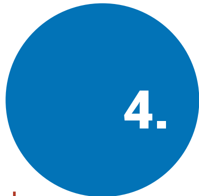
3.

A world-class healthcare organization awarded the American Nurses Credentialing Center Magnet designation for quality patient care. With more than one million patient visits per year, this health system has more than 15,000 employees and 2,200 physicians at eight hospitals and a large number of clinics in the southern part of the United States. The organization recognizes the importance of innovation and technology and embraces them to improve the quality and safety of patient care. It invests in leading-edge technology and continually strives to improve efficiency and cost control by implementing innovative best practices.

Robert Colosino, Vice-President of Marketing & Business Development at TECSYS, commented: "With today's challenges, every health system executive needs to transform their organization to an efficient network that consistently provides quality care wherever the patient is. They want to take costs out of their supply chain while improving the quality and safety of the service they provide. Over the last ten years we have demonstrated that through optimizing their supply chains, health systems can achieve great success improving patient care in ways they never thought possible. Over the last two years, twice as many health systems executives have stepped forward and have asked us to help them transform their organization. Those who did take that step have realized their vision and now control their own supply chain destiny, from source to patients, and in the process saved millions of dollars directly to their bottom line."

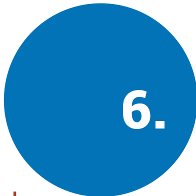
In 2015, TECSYS announced the addition of six health systems to its customer base, reinforcing the Company's market-leading position in this industry. These six health systems selected TECSYS to transform their supply chains to reach new levels of efficiency, remove risks associated with product accuracy and improve service delivery to their patients.

"The rapid rate of change healthcare organizations are facing has driven the adoption rate of our health system solutions to a record high," said **Berty Ho-Wo-Cheong, CFO of TECSYS**. "The six significant wins have all come since the beginning of fiscal 2015 as we continue to expand our penetration of the health systems' market. The growing acceptance of our solutions reflects our success in helping organizations take control of their supply chain from source to patient, in the process saving their organizations millions of dollars."



A not-for-profit integrated healthcare delivery system that serves more than 500,000 residents in the southern part of the United States. This health system's family is comprised of more than 4,500 physicians, employees and volunteers caring for patients in 35 counties. It is a self-governing not-for-profit entity that includes clinic practices and hospital-based physicians. It includes five hospitals and offers a full spectrum of care for residents, ranging from outpatient specialty services to some of the most advanced surgical, cardiac and cancer treatments.

This health system exists to serve all people by providing personalized health and wellness through exemplary care, education and research. Their vision is to be the most trusted name in giving and receiving safe, quality, compassionate health care. The health system provides full-range, inpatient, outpatient, rehabilitation and emergency medical services through 27 owned, leased or affiliated hospitals and surgical services at six short-stay hospitals.



The mission of this health system is to maintain and improve the health and human services system for a state in the southern part of the United States, and to administer its programs in accordance with the highest standards of customer service and accountability for the effective use of funds. The system provides administrative oversight of human services programs for Health and Human Services, Aging and Disability Services, State Health Services , Assistive and Rehabilitative Services and Family and Protective Services for the whole state.

TECSYS Granted U.S. Patent

Positioned as a Visionary in Gartner's Magic Quadrant for Warehouse Management Systems

Patent No.
8,839,132

Method and system for providing visual instructions to warehouse operators

In fiscal year 2015, TECSYS was granted Patent No. 8,839,132 from the United States Patent and Trademark Office that covers the method and system for providing visual instructions to warehouse operators. This technology empowers users to become significantly more efficient and accurate at executing their task, while at the same time helping drive increased responsiveness to their customers.

Furthermore, on September 30, 2014, Gartner, the world's leading information technology research and advisory company, published its Magic Quadrant for Warehouse Management Systems[1]. For the fourth consecutive year, TECSYS has been positioned in the "Visionaries" quadrant of the Warehouse Management Systems Magic Quadrant Report. According to Gartner[1], "To be a Visionary, a vendor must have a coherent, compelling and innovative strategy that seeks to deliver a robust and vibrant offering to the market. Visionaries are often thought leaders in one or more WMS solution dimensions (for example, functionality, services, go-to-market or deployment strategies), and they tend to be on the leading edge of some emerging concepts."

"This patent reaffirms the uniqueness and exclusivity of our technology in the distribution industry," stated **Larry Lumsden, Vice President, Products at TECSYS**. "Providing users visual and graphical instructions is an integral part of our WMS, a capability that requires no programming and represents a paradigm shift in warehouse management solutions to customers. Workers are able to access critical information to make decisions more quickly, accelerating their workflows, enabling improved customer satisfaction and profitability. This technology has been on the market for nearly four years and its benefits have already been proven in both healthcare and complex supply network environments. This technology is enabling workers to perform more complex tasks, faster, with more precision and less mental fatigue."

[1] Gartner "Magic Quadrant for Warehouse Management Systems" by C. Dwight Klappich, 30 September 2014.

TECSYS Increases Focus on Complex Supply Chains

Leverages Its Innovative Platform, Dedicates Executive Sales Force to Grow Its Share of the Market

Today's distribution organizations are relying on their supply chains as engines of growth and profitability. As products become more diverse and as clients become increasingly demanding, supply chain leaders are looking for solutions to meet such challenges and strengthen their competitive position.

"Our vision is to streamline our complex supply chain through step-by-step innovative business process changes and leveraging technology with a "total cost of ownership" and "customer first" points of view. TECSYS assisted us in achieving this vision by offering a lower total cost of ownership solution that considers customer and business needs vs. how best to adapt the process to the system," **Director of Logistics, a Fortune 300 global manufacturer and distributor**.

Over the last few years, Fortune 1000 organizations have been leveraging TECSYS' Platform as a foundational infrastructure across their enterprises to align their supply chain with their business objectives. They have optimized their supply chains as their business scales, adapted their processes on-the-go with TECSYS' user friendly personalization engine and expanded their business applications to enable their growth.

The TECSYS sales force dedicated to this strategic initiative is a group of seasoned executives, each with more than twenty years' experience in enterprise software sales. Under the leadership of Jason McDermott, a newly appointed Vice President of Sales for this initiative, the team is eager to define TECSYS as a world-class provider for another segment in the supply chain software industry.

"As the leader of supply chain solutions for health systems, we wanted to accelerate our growth and continue to improve our leadership position in complex supply chains," stated **Greg MacNeill, Senior Vice President of Global Sales at TECSYS**. "Today's diverse customers' needs are pushing fulfilment organizations to the limit; our platform is a perfect fit for their supply chains. I am delighted to have Jason on board, a twenty-year veteran, to help us focus and attain our growth objectives in this market."

On June 9, 2015, TECSYS announced a strategic initiative for increasing its market share of organizations with complex supply chains. It is a focused approach driven by a marketing strategy and a seasoned sales executive team, armed with TECSYS' industry expertise and supply chain platform.

TECSYS Unveils Visual Metrics Performance Measurement Suite

The Broadest Management Toolbox for the Full Spectrum of the Entire Supply Chain

For over two decades, business intelligence and analytics have been top of mind at TECSYS in addressing customers' supply chain challenges. Supply chain performance crosses both functional lines and company boundaries; today's marketplace is shifting from silos of intelligence of departmental and individual company's supply chains to performance of the entire supply chain of an organization. Collaboration crosses boundaries and enables seamless information exchange for supply chain excellence.

In 2015, TECSYS unveiled one of the industry's broadest management toolbox—Visual Metrics Performance Measurement Suite—that provides performance analytics & dashboards for the full spectrum of an organization's entire supply chain.

“Supply chains of the modern era of Internet of Things and Omni-Channel are very complex networks that must be managed collaboratively and optimized on an entire scale,” commented **Robert Colosino, Vice President, Business Development and Marketing at TECSYS**. “Challenges and pressures in the business landscape are constantly mounting, triggered by increased customer demands and fierce competition. To help mitigate these challenges, it is critical to understand the importance of aligning metrics with an organization’s business strategy through insightful visibility and performance benchmarks for the entire organization’s supply chain”.

TECSYS’ Visual Metrics Performance Measurement Suite provides visibility & tracking on:

Vendors → shipment performance and how to engage with various vendors.

Inventory and Planning → forecasting performance to streamline inventory levels and which items are most important to the bottom line.

Warehouse → warehouse effectiveness with insight into current activities. Overall warehouse performance and labor productivity, ability to compare with industry benchmarks.

Customers → sales and accounts receivables and how to stratify various customers.

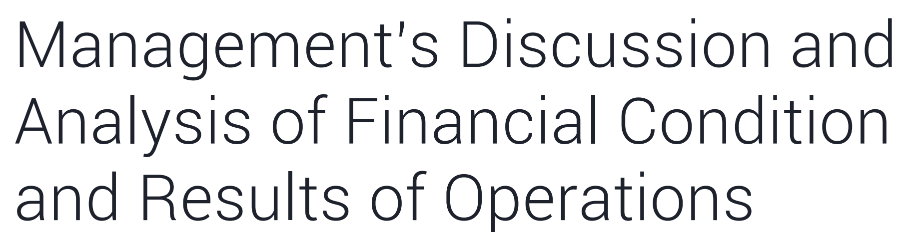
Consumption → in a point-of-use setting, consumption and movement of supply and management of inventory levels.

Distribution → outbound shipment activities, shipping costs and volumes, and distribution performance.

Finance → how all supply chain activities affect the bottom line.

Through intuitive dashboards, best practice metrics, and easy-to-use analytics, the entire supply chain is exposed allowing decision makers to understand cause-and-effect relationships across the spectrum and to take appropriate actions.

“At all times, executives must be concerned with the competition. It has become critical for supply chain leaders to track, measure and manage the performance of their entire supply chains on a daily basis. Performance measurement should not only operate on individual functional areas of the supply chain, such as vendors, inventories, and shipping performance, but also link or integrate these individual performance metrics on one platform to address the global visibility and management of the entire supply chain. With the Visual Metrics Suite, we are providing a holistic approach towards understanding supply chain performance on a platform that extends into all aspects of your business,” commented **Dino Stamatiou, Director, Business Intelligence & Analytics at TECSYS**.


Management's Discussion and
Analysis of Financial Condition
and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management Discussion and Analysis (MD&A) dated July 8, 2015 comments on our operations, financial performance and financial condition as at and for the years ended April 30, 2015 and April 30, 2014 and should be read in conjunction with the Consolidated Financial Statements of TECSYS Inc. (the "Company") and Notes thereto, which are included in this document. The Company's fiscal year ended on April 30, 2015. Fiscal 2015 refers to the twelve-month period ended April 30, 2015.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and are prepared by and are the responsibility of the Company's Management.

This document and the consolidated financial statements are expressed in Canadian dollars unless it is otherwise indicated. The Company's functional currency is the Canadian dollar as it is the currency that represents the primary economic environment in which the Company operates.

The consolidated financial statements were authorized for issue by the Board of Directors on July 8, 2015.

Additional information about the Company can be obtained from SEDAR at *www.sedar.com.*

Overview

TECSYS is a market-leading Supply Chain Management (SCM) provider of powerful warehouse, distribution and transportation management software solutions to mid-size and Fortune 1000 corporations in the healthcare industry and organizations with complex supply chains. The Company has built its business by focusing on warehousing and distribution operations and by developing robust products and leading supply chain management expertise over more than three decades. The deployment of TECSYS' supply chain management best practice business processes and technology for high-volume distribution organizations enables customers to streamline logistics operations, reduce cost and improve customer service.

Supply Chain Management is a business strategy to improve shareholder and customer value. SCM encompasses the processes of creating and fulfilling the market's demand for goods and services; it enhances a distributor and customer value by optimizing the flow of products, services and related information from suppliers to customers, with a goal of enabling customer satisfaction. Within SCM is Supply Chain Execution (SCE), on which TECSYS has its focus, an execution-oriented set of solutions that enable the efficient procurement and supply of goods, services and information to meet customer-specific demand. SCE includes Warehouse Management Systems (WMS), Transportation Management Systems (TMS), and supply chain inventory visibility — to provide a single solution to manage the inbound and outbound logistics processes of a distribution operation.

According to Gartner[1], the world's leading information technology research and advisory company, businesses continued to invest heavily to modernize their supply chain technologies to drive greater decisions, efficiencies and customer engagement. The SCE market segment grew 10.5% in 2014, generating $3.1 billion, with Gartner expectations for similar near-term growth. Innovation continues across many SCE markets, including WMS, which is a mature and consolidated market segment. The broader SCE market is also seeing a number of new entrants touting cloud-based solutions targeted at the lower-end and that are typically less sophisticated environments within the market. Existing providers are also expanding their WMS capabilities beyond the historical core offerings. Businesses deploying SCE solutions are looking to achieve far-greater visibility into product movements, cost containment and compliance. The IoT (Internet Of Things) drove more interest in 2014 and it's a trend that Gartner expects to continue for the next five years, driving greater demand for new technologies. Businesses are also dealing with the pressing need to be more predictive and agile in coping with supply chain disruptions. They need to be more in tune with customer demands while managing fewer inventories and not sacrificing their commitments to deliver to their end customers. TECSYS' management believes that the Company's supply chain platform fits very well in responding to these challenges.

Today, TECSYS' business development and sales efforts are exclusively focused on vertical markets with healthcare and complex supply chains where the Company has the highest winning opportunity and best financial returns. From a research and development and customer services perspective, this allows TECSYS to replicate its solutions, enabling the Company to reduce costs inherent in new development and adoption of technology. It also helps increase the depth of expertise in these market segments where the Company has developed a reputation as an expert by its customers.

[1] Gartner Report: Market Snapshot: Supply Chain Management Software, Worldwide 2015 - May 4, 2015.

TECSYS has been providing distribution and warehouse management solutions to the healthcare industry for a number of years. These include major distributors, a number of health systems or IDNs (Integrated Delivery Networks), as well as third-party logistics providers (3PLs) in Canada and the United States. According to the American Hospital Association (AHA), there are over 5,700 hospitals in the United States, including about 550 health systems comprising of hospitals, nursing homes, clinics, home health agencies and school health centers. Changes in reimbursement and care models in the United States are forcing health systems' executives to transform their organizations to deliver better patient outcomes at lower costs. The law of diminishing returns on contract price reductions is forcing their supply chain leaders to broaden their span of control for all non-labor expenditures and to build differentiated capabilities and integration expertise to survive. TECSYS' long-standing leadership in healthcare has been recognized by Gartner as the innovative visionary in this space, with a significant market share and high degree of respect among its health systems customers.

In addition, over the past several years the Company has made significant inroads in the Caterpillar® dealer market, more broadly referred to by TECSYS as heavy equipment service parts distribution. The Company believes that it is currently the leading supply chain management software and services supplier for heavy equipment service parts distribution with approximately 33% of the North American Caterpillar® dealer market.

As part of the Company's strategy to penetrate key verticals and expand its market and deployment coverage, TECSYS has a partnership strategy in place with several technology and services providers including software partners such as International Business Machines Corporation, Oracle Corporation and Microsoft Corporation, as well as mobile computing technology providers, such as Intermec Inc. (now part of Honeywell International Inc.) and Psion Inc. (now part of Zebra Technologies Corporation).

Effective May 31, 2014, the Company acquired 100% of the issued and outstanding shares of Logi-D Holding Inc. ("Logi-D"), a leading provider of point-of-use technology for supply chain automation servicing hospitals and healthcare organizations. It is credited as the inventor behind the internationally recognized RFID-enabled two-bin replenishment concept known under the 2BIN-iD brand. For more than a decade, Logi-D has been helping its customers to optimize logistics processes and increase supply chain operational efficiency. This acquisition brought together two technology-based companies with complementary product lines, and extends the Company's leadership and footprint in the health systems supply chain space. Logi-D's technology enables a decrease in the time clinical staff spend managing their inventory, leading to proven reduction in costs with improved patient care and outcomes.

On August 4, 2014 - TECSYS announced that, with the addition of the recently acquired Logi-D, a provider of point-of-use supply chain automation technologies serving hospitals and healthcare organizations, the Company believes it has created the leading supply chain management optimization solution for health systems that works from source to patient.

Together, TECSYS and Logi-D's solutions enable hospitals and health systems to save millions of dollars, improve margins, gain total inventory visibility across their supply chain and free clinicians to focus on patient care for better outcomes. TECSYS' solutions currently include: consolidated service center, supply management & point of use solutions within the hospital, operating room (OR) inventory management, demand planning, transportation management, and business intelligence & analytics.

On October 29, 2014 - TECSYS announced that it has been granted Patent No. 8,839,132 from the United States Patent and Trademark Office that covers the method and system for providing visual instructions to warehouse operators. This technology enables users to become more efficient and accurate at executing their task, while at the same time helping drive increased responsiveness to their customers. The technology has been on the market since 2010 and its benefits have already been proven in both healthcare operations and in complex high-volume distribution environments.

Also on October 29, 2014, TECSYS announced that on September 30th, 2014, Gartner, the world's leading information technology research and advisory company, published its Magic Quadrant for Warehouse Management Systems[2]. For the fourth consecutive year, TECSYS has been positioned in the "Visionaries" quadrant of the Warehouse Management Systems Magic Quadrant Report. TECSYS was positioned in the visionary quadrant in the 2010, 2012 and 2013 WMS magic quadrant reports prior to the 2014 report.

According to Gartner[3], "To be a Visionary, a vendor must have a coherent, compelling and innovative strategy that seeks to deliver a robust and vibrant offering to the market. Visionaries are often thought leaders in one or more WMS solution dimensions (for example, functionality, services, go-to-market or deployment strategies), and they tend to be on the leading edge of some emerging concepts."

From May 31 to June 3rd, 2015 TECSYS hosted one of the largest gatherings of its customers in a user conference setting. TECSYS' user conference is educational and customer-centric where the Company launches new products and new versions of products and services to its existing customer base.

[2, 3] Gartner "Magic Quadrant for Warehouse Management Systems" by C. Dwight Klappich, 30 September 2014.

On June 9, 2015, TECSYS announced a strategic initiative for increasing its market share of organizations with complex supply chains. It is a focused approach driven by a marketing strategy and a seasoned sales executive team, armed with TECSYS' industry expertise and supply chain platform. The TECSYS sales force dedicated to this strategic initiative is a group of seasoned executives, each with more than twenty years' experience in enterprise software sales. Under the leadership of Jason McDermott, a newly appointed Vice President of Sales for this initiative, the team is eager to define TECSYS as a world-class provider for another segment in the supply chain software industry.

TECSYS generates revenue from proprietary products (which includes licensing fees for proprietary software and proprietary hardware technology arising from the Logi-D acquisition), third-party products (which includes hardware and software products), and the provision of related information technology services. At the end of fiscal 2015, recurring revenue[4] amounted to $21.3 million which represents 37% of fiscal 2015 revenue. Recurring revenue is defined as the contractually committed purchase of services, generally comprising proprietary and third-party maintenance and hosting services, over the next twelve months. The quantification assumes that the customer will renew the contractual commitment on a periodic basis as they come up for renewal. This portion of the Company's revenue is predictable and stable, and the Company has reasonable assurance that it will occur at regular intervals with a high degree of certainty.

Services revenue includes both the fees associated with implementation assistance and ongoing services. These ongoing services include consulting, training, product adaptations, upgrade implementation assistance, maintenance, customer support, application hosting, and data base administration services. Such revenue is typically derived from contracts based on a fixed-price or time-and-material basis and is recognized as the services are performed.

Products revenue has two components: the Company's proprietary products and third-party products. Proprietary products' revenue was 22% of revenue for fiscal 2015 and 17% for fiscal 2014. Third-party products' revenue represented 15% of total revenue in fiscal 2015 and fiscal 2014.

Cost of revenue comprises the cost of products purchased for re-sale and the cost of services, made up mainly of salaries, incentives, benefits and travel expenses of all personnel providing services. Also included in the cost of services is a portion of overhead and e-business tax credits available under a Quebec government incentive program designed to support the development of the information technology industry. Cost of products includes the cost of proprietary hardware technology and all third-party products purchased for re-sale and required to complete customer solutions. These are typically other software products such as database and business intelligence software and hardware such as radio frequency equipment, storage equipment, and computer servers.

Sales and marketing, as well as general and administration expenses include all human resources costs involved in these functions. They also include all other costs related to sales and marketing, such as travel, rent, advertising, trade shows, professional fees, office expenses, training, telecommunications, bad debts, and equipment rentals and maintenance.

Research and development (R&D) includes salaries, benefits, incentives and expenses of all staff assigned to R&D. Fees paid to external consultants and sub-contractors are also included, along with a portion of overhead.

At the end of fiscal 2015, the Company employed 346 employees in comparison to 309 at the end of fiscal 2014. The average number of employees was 341 in fiscal 2015 in comparison to 307 for fiscal 2014. The Logi-D acquisition accounted for the majority of the headcount increase as its employees numbered 30 at April 30, 2015.

The U.S. dollar strengthened by approximately 8.5% against the Canadian dollar during fiscal 2015 in comparison to fiscal 2014. The U.S. dollar to Canadian dollar exchange rates for fiscal 2015 averaged CA$1.1503 in comparison to CA$1.0605 for fiscal 2014. Consequently, with approximately 64% of the Company's revenue generated in U.S. dollars in fiscal 2015, the stronger U.S. dollar, which was partially offset by the Company's designated hedging of highly probable U.S. revenue, affected revenue favorably by an estimated $1.9 million. The stronger U.S. dollar impacted cost of sales and operating expenses unfavorably by approximately $800,000. Profit from operations was affected favorably by approximately $1.1 million in comparison to fiscal 2014.

In 2014, the U.S. dollar strengthened by approximately 5.7% against the Canadian dollar in comparison to fiscal 2013. With approximately 61% of the Company's revenue generated in U.S. dollars in fiscal 2014, the stronger U.S. dollar affected the reported revenue favorably by an estimated $1.5 million and profit from operations by an estimated $1.1 million in comparison to fiscal 2013.

[4] Refer to section at end of MD&A titled "Non-IFRS Performance Measures"

Selected Annual Information

In thousands of Canadian dollars, except per share data

	2015	2014	2013
Total Revenue	**57,284**	**46,558**	**43,759**
Profit	**1,515**	**1,795**	**885**
Comprehensive Income	**1,610**	**-**	**-**
Basic and Diluted Earnings per Common Share	**0.13**	**0.16**	**0.08**
Common Share Dividends	**0.09**	**0.075**	**0.07**
Total Assets	**47,377**	**34,145**	**32,219**
Total Long-Term Financial Liabilities:			
Loan Payable to a Related Party	**-**	**-**	**70**
Long-term Debt (including the current portion)	**4,789**	**3,500**	**4,500**

Business Combination

On May 31, 2014, the Company acquired 100% of the issued and outstanding shares of Logi - D as described earlier. The results of its operations have been included in the accompanying consolidated financial statements commencing June 1, 2014. Logi - D contributed $5.7 million in revenue and a loss of $68,000 in the eleven month period ended April 30, 2015. The loss excludes $160,000 of acquisition costs and $232,000 of amortization of the acquisition-related identified intangible assets. Please refer to note 6 of the consolidated financial statements for further information.

Results of Operations
Year ended April 30, 2015 compared to year ended April 30, 2014

Revenue

Total revenue increased to $57.3 million, $10.7 million or 23% higher, compared to $46.6 million for fiscal 2014.

Proprietary products, defined as internally developed products including proprietary software and hardware technology products, increased to $12.5 million, $4.4 million or 55% higher in comparison to $8.1 million for fiscal 2014 primarily as a result of organic growth of $1.7 million and $2.7 million of Logi - D's proprietary products. The organic growth was primarily due to increased license revenue in the healthcare vertical market.

Third-party products revenue increased to $8.6 million, $1.7 million or 26% higher in comparison to $6.8 million recorded for fiscal 2014. The increase in third-party products revenue is largely attributable to Logi - D as its third-party products revenue amounted to $1.8 million, otherwise third-party products decreased by $43,000. Excluding Logi - D, the decrease of third-party products is characterized by lower third-party software products' revenue of $281,000 offset by higher hardware revenue of $238,000.

Overall total contract value bookings[5] amounted to $47.0 million during fiscal 2015 in comparison to $23.9 million for the previous fiscal year, an increase of 97%. Logi - D contributed $7.1 million of the total contract value bookings accounting for 30% of the increase over last year. The Company signed eighteen new accounts with a total contract value of $15.3 million during fiscal 2015 in comparison to twenty new accounts with a total contract value of $7.9 million during fiscal 2014. The significant increase of $7.4 million in new account total contract value bookings in fiscal 2015 was the result of signing six new IDNs compared to two for fiscal 2014. The Company also signed some major new agreements with existing accounts, one of which accounted for $5.5 million.

[5] Refer to section at end of MD&A titled "Non-IFRS Performance Measures"

Services revenue increased to $34.3 million during fiscal 2015, $4.2 million or 14% higher, compared to $30.2 million for the previous fiscal year. Logi-D's services revenue was $1.1 million for the eleven-month operating period. Excluding Logi-D's contribution, the increase of $3.1 million is primarily attributable to higher implementation consulting services due to increased activity derived mainly from a higher professional services backlog at the beginning of the year and strong bookings during fiscal 2015 and further bolstered by revenue increases for hosting and support service.

As a percentage of total revenue, proprietary products accounted for 22%, third-party products for 15%, and services for 60% in fiscal 2015 compared to 17%, 15% and 65% for fiscal 2014, respectively. This change in revenue mix is due to a significant increase in organic product revenue growth and the addition of Logi - D, where products account for 79% of its revenue.

Cost of Revenue

Total cost of revenue increased to $29.7 million in fiscal 2015, $3.4 million or 13% higher, in comparison to $26.3 million for fiscal 2014. The increase is attributable to higher services costs of $1.8 million, higher products costs of $1.3 million related primarily to the introduction of Logi-D's proprietary products and third-party products, and higher reimbursable expenses of $368,000.

The cost of services increased to $21.4 million in fiscal 2015, $1.8 million or 9% higher, in comparison to $19.7 million for fiscal 2014. Logi-D's services cost accounted for $742,000. Excluding Logi-D, higher employee salaries and benefits, incentives, third-party consulting, travelling, and hosting infrastructure expenses were the principal elements accounting for the remaining increase of $1.1 million. The average services headcount, excluding Logi-D, in fiscal 2015 was approximately two higher compared to the same period of fiscal 2014. The cost of services includes tax credits of $1.4 million for fiscal 2015 and fiscal 2014. The tax credits relate to the Quebec e-business tax credits introduced by the Quebec government in March 2008. On June 4, 2014, the Quebec government announced a reduction in the rate of this tax credit from 30% to 24% of salaries paid to eligible employees, effective June 5, 2014, while maintaining the maximum annual tax credit at $20,000 per eligible employee.

The cost of products increased by $1.3 million or 26% to $6.4 million in fiscal 2015 in comparison to $5.1 million for fiscal 2014 and is largely related to Logi-D's products revenue. Logi-D's total cost of products was $1.5 million, otherwise, excluding Logi-D, cost of products decreased by $214,000 mainly related to the reduction of third-party products.

Gross Profit

The gross profit increased to $27.6 million in fiscal 2015, $7.3 million higher, in comparison to $20.3 million for the previous year. This is mainly attributable to higher proprietary products margin of $3.9 million, higher services margin of $2.4 million, and higher third-party products margin of $1.0 million. Total gross profit percentage in fiscal 2015 was 48% compared to 44% in fiscal 2014.

Services gross profit during fiscal 2015 increased to $12.9 million, $2.4 million higher, in comparison to $10.5 million in fiscal 2014. Services gross profit was 38% of services revenue in fiscal 2015 in comparison to 35% for fiscal 2014. The improvement in the services gross profit margin and percentage is a reflection of the improved organization structure, the new management and focus that has occurred over the course of the past year and a half, and the growing maturity and proficiency in contributing to the revenue stream of a significant number of employees hired in prior fiscal years to address the growing backlog.

The third-party products margin increased to $2.7 million, $1.0 million higher during fiscal 2015 in comparison to $1.7 million in fiscal 2014. The third-party products margin was 32% of revenue in fiscal 2015 in comparison to 25% in fiscal 2014. The increase in margin and margin percentage is largely attributable to Logi-D's integration as it contributed a third-party margin of $815,000 and a third-party products gross margin percentage of 46%. Excluding Logi-D, third-party products margin increased $171,000 in fiscal 2015 in comparison to last year

Operating Expenses

Total operating expenses increased to $25.6 million for fiscal 2015, $7.6 million or 42% higher, compared to $18.0 million for fiscal 2014. Excluding Logi-D's operating expenses of $3.8 million, which included the costs related to acquisition and amortization of intangible technology assets of Logi-D, operating expenses are $3.8 million or 21% higher. The most notable differences between fiscal 2015 in comparison with fiscal 2014 are as follows.

- Sales and marketing expenses amounted to $12.7 million, $4.0 million higher than the comparable previous fiscal year. Logi-D's sales and marketing expenses amounted to $1.7 million for the eleven-month operating period. Excluding Logi-D, expenses were $2.2 million higher due primarily to higher employee related expenses, incentives, commissions, recruiting expenses, and travel compared to the same period last year. Excluding Logi-D, the sales and marketing headcount increased by three in comparison to the same period last year. The Company has reorganized its sales organization structure and has added capacity to focus attention amongst key verticals and new and base accounts to promote revenue growth.

- General and administrative expenses increased to $5.9 million, $1.8 million higher than the comparable previous fiscal year. Logi-D's general and administrative expenses amounted to $1.1 million. In addition, the Company incurred $160,000 of acquisition related expenses. Excluding Logi-D and acquisition costs, expenses were $586,000 higher primarily as a result of higher salaries and benefits, management incentives, director fees, legal fees, consulting and investor relations expenses.

- Net R&D expenses increased to $7.0 million, $1.8 million higher than the comparable previous fiscal year. Logi - D net R&D expenses amounted to $821,000 including $99,000 of tax credits and amortization of $152,000 related to identified intangible technology assets arising from the acquisition. Excluding Logi - D's expenses, gross R&D expenses increased by $585,000 comprising primarily of higher employee related costs, incentives, consulting, and travel expenses. Excluding Logi - D, the Company also recorded $1.5 million of R&D refundable and non-refundable tax credits and e-business tax credits in fiscal 2015 compared to $1.3 million for fiscal 2014. In addition, the Company capitalized deferred development costs of $1.6 million in fiscal 2015 compared to $1.8 million for fiscal 2014 while amortizing deferred development costs of $1.3 million in fiscal 2015 in comparison to $1.0 million for fiscal 2014.

Profit from Operations

The Company recorded profit from operations of $1.9 million representing 3% of revenue in fiscal 2015 in comparison to $2.3 million for 2014 representing 5% of revenue primarily as a result of higher proprietary products margin, higher services margin, and third-party products margin offset by higher increases in operating expenses.

Net Finance Costs

In fiscal 2015, the Company recorded net finance costs of $119,000 in comparison to $244,000 for fiscal 2014. The decrease in net finance costs is largely attributable to the lower increase of $13,000 in fiscal 2015 compared to $167,000 in fiscal 2014 in the fair value of outstanding share options as there were fewer options outstanding during fiscal 2015. Please see note 20 to the consolidated financial statements for an overview of the components comprising net finance costs.

Income Taxes

In fiscal 2015, the Company recorded an income tax expense of $313,000 comprising a current income tax expense of $427,000 offset by deferred income taxes recovery of $114,000. In fiscal 2014, the Company recorded an income tax expense of $226,000 comprising a current income tax expense of $329,000 offset by deferred income taxes recovery of $103,000.

As at April 30, 2015, the Company had recognized net deferred tax assets of $840,000 and has an unrecognized net deferred tax asset of $8.2 million covering various jurisdictions and approximately $6.8 million of unrecognized Canadian federal non-refundable SRED tax credits which may be used only to reduce future current Canadian federal income taxes otherwise payable. As such, the Company does not anticipate any significant cash disbursements related to Canadian income taxes given its availability of Canadian Federal non-refundable tax credits and deferred tax assets. Refer to note 16 of the consolidated financial statements for further detail.

Profit

The Company realized profit of $1.5 million or $0.13 per common share in fiscal 2015 compared to $1.8 million or $0.16 per common share for fiscal 2014.

Results of Operations for the Fourth Quarter

Quarter ended April 30, 2015 compared to quarter ended April 30, 2014

Revenue

Total revenue for the fourth quarter ended April 30, 2015 increased to $15.8 million, $3.3 million or 27% higher, compared to $12.5 million for the same period of fiscal 2014. The U.S. dollar averaged CA$1.2483 in the fourth quarter of fiscal 2015 in comparison to CA$1.1051 in the fourth quarter of fiscal 2014. Approximately 63% of the Company's revenues were generated in the United States during the fourth quarter of fiscal 2015, hence as a result of the stronger U.S. dollar, which was partially offset by the Company's designated hedging of highly probable U.S. revenue, the net impact to revenue was favorable by an estimated $820,000. The stronger U.S. dollar impacted cost of sales and operating expenses unfavorably by approximately $400,000.

On a pro forma basis, including the revenue of Logi-D of $1.3 million for the fourth quarter ended April 30, 2014, the Company's consolidated revenue would have been $13.8 million. Revenue in the fourth quarter of fiscal 2015 amounted to $15.8 million, representing an increase of 15% over pro forma fiscal 2014.

Proprietary products increased to $3.9 million, $1.1 million or 41% higher, in the fourth quarter of fiscal 2015 in comparison to $2.7 million for the same period last year primarily as a result of organic growth of $311,000 and the addition of $824,000 of Logi-D's proprietary products. The organic growth was primarily due to increased license revenue in the healthcare vertical market.

Overall total contract value bookings[6] amounted to $16.0 million in the fourth quarter of fiscal 2015 in comparison to $9.0 million for the same period of the previous fiscal year. During the fourth quarter of fiscal 2015, the Company signed five new accounts with a total contract value of $7.3 million compared to six new accounts with a total contract value of $1.8 million in the fourth quarter of fiscal 2014.

Third-party products revenue increased to $2.3 million, $767,000 or 51% higher, in the fourth quarter of fiscal 2015 in comparison to $1.5 million for the same period last year. Logi-D's revenue for third-party products accounted for $309,000, otherwise, excluding Logi-D, third-party products revenue increased by $458,000 characterized predominantly by higher hardware product revenue.

Services revenue increased to $9.1 million, higher by $1.3 million or 16%, in fourth quarter of fiscal 2015 compared to $7.8 million for the same period in the previous fiscal year. The increase is primarily attributable to higher professional services, product customization services, support revenue and to the addition of Logi-D's services accounting for $342,000.

As a percentage of total revenue, proprietary products accounted for 25%, third-party products for 14%, and services for 58% in the fourth quarter of fiscal 2015 compared to 22%, 12% and 63% for the same period in fiscal 2014, respectively. This change in revenue mix is due to the increase in organic product revenue growth and the addition of Logi-D, where products accounted for 76% of its revenue.

Cost of Revenue

Total cost of revenue increased to $8.0 million, higher by $1.1 million or 16%, in the fourth quarter of fiscal 2015 in comparison to $6.9 million for the same period in fiscal 2014. The increase is attributable to higher services costs of $540,000, higher products costs of $448,000, and higher reimbursable expenses of $127,000.

The cost of services increased to $5.7 million, higher by $540,000 or 11% in the fourth quarter of fiscal 2015 in comparison to $5.1 million for the same period last year. Logi-D's services cost accounted for $218,000. Excluding Logi-D, higher employee remuneration, recruiting expenses, travel, consulting, legal, and hosting expenses offset by higher tax credits were the principal elements accounting for the remaining increase of $322,000. The average services headcount, excluding Logi-D, in the fourth quarter of fiscal 2015 was approximately the same compared to the same period of fiscal 2014. The cost of services includes tax credits of $392,000 for the fourth quarter of fiscal 2015 compared to $307,000 for the same period in the previous fiscal year.

The cost of products increased by $448,000 or 33% to $1.8 million in comparison to $1.4 million for the same period last year and is largely related to Logi-D's proprietary and third-party products. Logi-D's total cost of product was $289,000, otherwise, excluding Logi-D, cost of products increased by $159,000 related to the increase of hardware products revenue of $458,000 discussed earlier and offset partially because the fourth quarter of fiscal 2014 included a write-off of third-party prepaid licenses of $116,000.

[6] Refer to section at end of MD&A titled "Non-IFRS Performance Measures"

Gross Profit

Gross profit increased to $7.8 million, higher by $2.2 million, in the fourth quarter of fiscal 2015 in comparison to $5.6 million for the same period last year. This is mainly attributable to higher proprietary products margin of $1.1 million, higher services margin of $746,000 and higher third-party products margin of $395,000. Total gross profit percentage in the fourth quarter of fiscal 2015 was 49% compared to 45% in the same period of fiscal 2014.

Services gross profit during the fourth quarter of fiscal 2015 increased by $746,000 to $3.4 million in comparison to $2.7 million in the same period of fiscal 2014. Services gross profit was 38% of services revenue in the fourth quarter of fiscal 2015 in comparison to 35% for the comparable period last year. Logi-D's services gross profit percentage was 36% while it contributed $124,000 in service margin in the fourth-quarter. Excluding Logi-D, the services margin percentage increased to 38% from 35% as the service margin increased by $622,000 as the increase of revenue more than offset the increase of expenses.

The third-party products margin increased to $550,000, $395,000 higher than the same period last year. The third-party products margin was 24% of revenue in the fourth quarter of fiscal 2015 in comparison to 10% for the same period last year. The increase in margin and margin percentage is attributable to Logi - D's integration as it contributed a third-party products margin of $96,000 and a gross margin percentage of 31%, better hardware product margins realized, and to the write-off of prepaid licenses in the fourth quarter of fiscal 2014 as discussed earlier.

Operating Expenses

Total operating expenses for the fourth quarter of fiscal 2015 increased to $7.5 million, higher by $2.6 million or 55%, compared to $4.8 million for the same three-month period last year. Excluding Logi - D's operating expenses and amortization of intangible technology assets of Logi - D amounting to $1.1 million, operating expenses are higher by $1.5 million or 31%. The most notable differences between the fourth quarter of fiscal 2015 in comparison with the same period in fiscal 2014 are as follows.

- Sales and marketing expenses amounted to $4.0 million, $1.5 million higher than the comparable quarter last year. Logi - D's sales and marketing expenses amounted to $480,000 for the fourth quarter. Excluding Logi - D, expenses were higher by $1.1 million primarily due to higher employee related expenses, incentives, commissions, recruiting expenses, and travel compared to the same period last year. Excluding Logi - D, the sales and marketing headcount increased by three in comparison to the same period last year. The Company has reorganized its sales organization structure and has added capacity to focus attention amongst key verticals and new and base accounts to promote revenue growth.

- General and administrative expenses increased to $1.6 million, $531,000 higher than the comparable quarter last year. Logi-D's general and administrative expenses amounted to $374,000. Excluding Logi - D, expenses were higher by $157,000 primarily as a result of higher salaries and benefits, director fees, legal fees, and investor relations expenses.

- Net R&D expenses increased to $1.9 million, $570,000 higher than the comparable quarter last year. Logi-D net R&D expenses amounted to $279,000 including tax credits of $27,000 and amortization related to identified intangible technology assets arising from the acquisition of $42,000. Excluding Logi-D's expenses, gross R&D expenses increased by $318,000 comprising primarily of higher employee related costs, consulting, and travel. Excluding Logi-D, the Company also recorded $534,000 of R&D refundable and non-refundable tax credits and e-business tax credits in the fourth quarter of fiscal 2015 in comparison to $388,000 for the same period in fiscal 2014. In addition, the Company capitalized deferred development costs of $404,000 in the fourth quarter of fiscal 2015 compared to $498,000 for the same period of the last fiscal year while amortizing deferred development costs of $329,000 in the fourth quarter of fiscal 2015 in comparison to $304,000 for the same quarter a year earlier.

Profit from Operations

The Company recorded profit from operations of $311,000 representing 2% of revenue in the fourth quarter of fiscal 2015 in comparison to $757,000 representing 6% of revenue for the same period in fiscal 2014 primarily as a result of higher operating expenses surpassing higher gross margins for proprietary products, third-party products, and services.

Income Taxes

Please refer to the discussion of income taxes in the preceding section focusing on the results of operations for the year ended April 30, 2015 compared to the year ended April 30, 2014.

Profit

The Company realized profit of $295,000 or $0.02 per share in the fourth quarter of fiscal 2015 compared to $640,000 or $0.06 per share for the same period in fiscal 2014.

Quarterly Selected Financial Data

(Quarterly data are unaudited)
In thousands of Canadian dollars, except per share data

Fiscal Year 2015	Q1	Q2	Q3	Q4	Total
Total Revenue	**13,012**	**13,548**	**14,958**	**15,766**	**57,284**
Profit	**343**	**410**	**467**	**295**	**1,515**
Comprehensive Income	**275**	**291**	**7**	**1,037**	**1,610**
Basic and Diluted Earnings per Common Share	**0.03**	**0.04**	**0.04**	**0.02**	**0.13**

Fiscal Year 2014	Q1	Q2	Q3	Q4	Total
Total Revenue	**10,602**	**11,656**	**11,849**	**12,451**	**46,558**
Profit and Comprehensive Income	**83**	**605**	**467**	**640**	**1,795**
Basic and Diluted Earnings per Common Share	**0.01**	**0.05**	**0.04**	**0.06**	**0.16**

In the fourth quarter of fiscal 2015, comprehensive income was significantly higher compared to profit whereas for the previous three quarters in fiscal 2015, the opposite was true. This is attributable to the decline in the closing rate of the U.S. dollar from the end of the third quarter, which gave rise to the recovery of fair value losses on designated revenue hedges attributable to fiscal 2016.

Liquidity and Capital Resources

On April 30, 2015, current assets totaled $32.3 million compared to $22.5 million at the end of fiscal 2014. Cash and cash equivalents increased to $10.8 million compared to $8.8 million as at April 30, 2014. In the fourth quarter of fiscal 2015, the Company raised equity capital of $6.1 million through the bought deal financing and restructured its banking facilities raising additional debt capital of $2.0 million in the form of a term loan repayable over five years. Significant cash outflows during the year include the acquisition of Logi-D, the financing of non-cash working capital, the repayment of long-term debt and Logi-D bank loans, the distribution of dividends, as well as investment in the Company's flagship product, EliteSeries.

The Company's banking agreement with a Canadian chartered bank includes credit facilities for an operating line of credit up to $5.0 million and term loans of $7.0 million. Refer to note 12 of the consolidated financial statements for a detailed description of the banking facilities. A term loan of $5.0 million was received at the end of the second quarter of fiscal 2013 and the Company has since repaid $2.5 million as scheduled. A second term loan of $2.0 million was received in the fourth quarter of fiscal 2015. The operating line of credit has no outstanding balance as at April 30, 2014 or 2015.

The banking agreement requires the Company to maintain a working capital ratio equal or greater than 1.1 : 1.0, a shareholder's equity equal or greater than $5.0 million, a ratio of interest-bearing debt to EBITDA of less than or equal to 3.0 : 1.0, and a debt service coverage ratio greater than or equal to 1.2 : 1.0. At April 30, 2015 and April 30, 2014, the Company was in compliance with the required financial covenants in effect at the time.

Accounts receivable and work in progress totaled $13.3 million on April 30, 2015 compared to $9.6 million as at April 30, 2014. The Company's DSO (days sales outstanding) stood at 76 days at the end of fiscal 2015 compared to 69 days at the end of fiscal 2014.

Current liabilities on April 30, 2015 increased to $20.4 million compared to $14.8 million at the end of fiscal 2014 mainly due to the increase in accounts payable and accrued liabilities and deferred revenue arising from increased activity during the year as well as the Logi-D acquisition . Working capital has been significantly strengthened to $12.0 million at the end of April 30, 2015 in comparison to $7.8 million at the end of fiscal year 2014.

The Company believes that funds on hand at April 30, 2015 combined with cash flow from operations and its accessibility to banking facilities will be sufficient to meet its needs for working capital, R&D, capital expenditures, debt repayment, and dividends for at least the next twelve months.

Cash from Operations

Operating activities generated $1.4 million in fiscal 2015 in comparison to $7.7 million in fiscal 2014. Operating activities excluding changes in non-cash working capital items related to operations generated $3.9 million in fiscal 2015 and $4.0 million in fiscal 2014. Non-cash working capital used funds of $2.5 million in fiscal 2015 compared to generating funds of $3.7 million in fiscal 2014, a variance of $6.2 million. The financing of tax credits receivable account for $4.4 million of the variance while the balance is largely tied to financing working capital as the Company grows.

Non-cash working capital items used funds of $2.5 million in fiscal 2015 primarily due to increases in accounts receivable and of tax credits receivable and offset by increases in accounts payable and deferred revenue. The increase in the tax credit receivable is attributable to the delay of the reimbursement of the Company's e-business and scientific research and experimental development tax credits relating to fiscal 2014. Non-cash working capital items generated cash of $3.7 million in fiscal 2014, largely attributable to the reduction of tax credits receivable and the increase of deferred revenue. During fiscal 2014, the Company received the tax credits for fiscal 2012 and 2013 after undergoing an audit from Revenue Quebec.

Financing Activities

Financing activities generated funds of $5.7 million for fiscal 2015 in comparison to using funds of $2.0 million for fiscal 2014.

In April 2015, the Company completed an offering of common shares of the Company at the offering price of $8.90 per common share. The offering was completed on a bought deal basis and was underwritten by a syndicate of underwriters led by PI Financial Corp. on its own behalf and on behalf of three other underwriters. With the underwriters exercising an over-allotment option in full, 775,280 common shares were issued with aggregate gross proceeds of $6.9 million. Transaction costs directly associated with this issuance of shares of $804,000 resulted in net total proceeds of $6.1 million (note 15 of the consolidated financial statements).

During fiscal 2014, 75,000 share options were exercised at an average exercise price of $1.73 to purchase common shares generating cash for $130,000.

As noted earlier, during the second quarter of fiscal 2013, the Company completed the renewal of its banking agreement and received a term loan of $5.0 million with the principal repayable evenly on a monthly basis over five years. The Company has since repaid $2.5 million in total, and $1.0 million over each of fiscal 2014 and 2015. Shortly after the acquisition of Logi-D, during the first quarter of fiscal 2015, the Company repaid $140,000 of outstanding bank loans held by Logi-D and an additional $64,000 of the acquired long-term debt during fiscal 2015. Additionally, during fiscal 2014, the Company repaid in full the last $70,000 of an outstanding loan to a related party.

In April 2015, the Company renewed its banking agreement and undertook a new five-year term loan of $2.0 million with the principal repayable in equal monthly installments (note 12 of the consolidated financial statements). Additionally, during fiscal 2015, Logi-D secured long-term debt of $50,000 on an interest-free basis.

During fiscal 2015, the Company declared four quarterly dividends of $0.0225 per share each for a total dividend disbursement of $0.09 per share or $1.0 million in aggregate. During fiscal 2014, the Company declared and distributed two dividends of $0.035 and $0.04 per share respectively for a total of $0.075 per share or $861,000 in aggregate.

The Company paid interest of $126,000 and $162,000 for fiscal 2015 and fiscal 2014, respectively.

Investing Activities

During fiscal 2015, investing activities used funds of $5.2 million in comparison to $2.2 million for fiscal 2014.

The Company used funds of $2.9 million for the acquisition of Logi - D. Please refer to note 6 of the consolidated financial statements for further information. The Company used funds of $809,000 and $561,000 for the acquisition of property and equipment and intangible assets in fiscal 2015 and fiscal 2014, respectively. Additionally, the Company invested in its proprietary software products with the capitalization of $1.6 million and $1.8 million reflected as deferred development costs in fiscal 2015 and fiscal 2014, respectively. The Company received interest of $21,000 and $50,000 in fiscal 2015 and fiscal 2014, respectively. The Company collected $43,000 and $72,000 in fiscal 2015 and 2014, respectively, from TECSYS Latin America, a former related party. Lastly, the Company generated funds of $80,000 and $40,000 during fiscal 2015 and 2014, respectively, by reductions in restricted cash equivalents related to a landlord guarantee.

Commitments and Contractual Obligations

The Company has a lease agreement for its head office in Montreal, Quebec. The lease term of ten and one-half years terminates on October 31, 2020.

Additionally, the Company has a lease agreement for its office in Markham, Ontario. The lease term of ten years and eight months terminates on July 31, 2022.

As at April 30, 2015, the principal commitments consist of operating leases (note 23 of the consolidated financial statements), and the term loans initiated at the end of the second quarter of fiscal 2013 and the fourth quarter of fiscal 2015. The following table summarizes significant contractual obligations as at April 30, 2015.

In thousands of Canadian dollars

		Payments Due by Period			
Contractual Obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Term Loans	4,500	1,400	2,300	800	-
Other Long-term Debt	289	56	97	94	42
Operating Leases	10,206	2,226	3,266	3,023	1,691
Other Obligations	8,817	8,817	-	-	-
Expected interest on long-term debt	311	143	137	31	-
Total Contractual Obligations	24,123	12,642	5,800	3,948	1,733

Under the terms of a licensing agreement with a third party, the Company is committed to pay royalties calculated at a rate of 1.25% of revenue derived from that portion of the EliteSeries product line that utilizes the embedded third-party software, excluding reimbursable expenses and hardware sales. Revenue derived from the operations of other business units or acquired companies are exempt from these royalties. The agreement automatically renews for consecutive one-year terms. The Company has incurred royalty fees related to this agreement of $145,000 in fiscal 2015 (2014 – $174,000).

Dividend Policy

On February 26, 2008, the Company announced the approval of a dividend policy whereby a cash dividend per common share is intended to be distributed to its shareholders following the release of its financial results of the first and third quarter of each year. The declaration and payment of dividends is at the discretion of the Board of Directors, which will consider earnings, capital requirements, financial conditions and other such factors as the Board of Directors, in its sole discretion, deems relevant.

On July 8, 2014, the Company changed the dividend policy from a semi-annual basis to a quarterly basis. To this effect, during fiscal 2015, the Company declared a dividend of $0.0225 on four separate occasions that were paid on August 6, 2014, October 10, 2014, January 6, 2015, and April 9, 2015 to shareholders of record at the close of business on July 22, 2014, September 26, 2014, December 16, 2014, and March 19, 2015 respectively, for an aggregate of $1,038,000. During fiscal 2014, the Company declared a dividend of $0.035 and $0.04 on two separate occasions that were paid on October 4, 2013 and March 28, 2014, respectively to shareholders of record at the close of business on September 20, 2013 and March 14, 2014, respectively, for an aggregate of $861,000.

Related Party Transactions

At the start of fiscal 2014, the Company had a subordinated loan of $70,000 from a person related to certain shareholders, bearing interest at 12.67%. The loan, including interest, was repaid in full in 2014.

Under the provisions of the share purchase plan for key management, the Company provided interest-free loans to key management of $216,000 and $206,000 to facilitate their purchase of Company shares during fiscal 2015 and fiscal 2014, respectively. These loans were fully repaid before the end of each fiscal year. No loans were outstanding as at April 30, 2015 and April 30, 2014.

Contingencies

Through the course of operations, the Company may be exposed to a number of lawsuits, claims and contingencies. Provisions are recognized as liabilities in instances when there are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and where such liabilities can be reliably estimated. Although it is possible that liabilities may be incurred in instances where no provision has been made, the Company has no reason to believe that the ultimate resolution of such matters will have a material impact on its financial position.

Subsequent Event

On July 8, 2015, the Company's Board of Directors approved an increase of the quarterly dividend policy from $0.0225 per share to $0.025 per share, an increase of 11%. To this effect, the Company declared a dividend of $0.025 per share, to be paid on August 6, 2015 to shareholders of record on July 22, 2015.

Off-Balance Sheet Agreements

The Company was not involved in any off-balance sheet arrangements as at April 30, 2015 with the exception of operating leases as noted in the "Commitments and Contractual Obligations" above. Throughout fiscal 2015, the Company also maintained a letter of guarantee issued in the amount of $40,000 related to lease commitments. This letter of guarantee, in favour of one of the Company's landlords, was renewed annually through the first five years of the lease term which commenced in April 2010. The letter of guarantee expired on April 30, 2015.

Current and Anticipated Impacts of Current Economic Conditions

The current overall economic condition has improved substantially relative to the uncertainty and volatility that existed only a few years ago. Uncertainty and volatility may have an adverse impact on the demand for the Company's products and services as industry may adjust quickly to exercise caution on capital spending. During each of the past two complete fiscal years prior to fiscal 2015, the Company generated approximately $24 million in new total contract value bookings[7]. The Company observed generally positive signs over the past several years of prospects and customers ramping up investment in supply chain management software. During the last ten quarters preceding fiscal 2015, the Company booked significant increases in business volume with total contract values averaging $6.4 million per quarter, whereas for the previous fourteen quarters prior (since the beginning of fiscal 2009), bookings averaged approximately $4.8 million per quarter. Fiscal 2015 was a very robust period with bookings amounting to $47.0 million, including Logi-D's contribution of $7.1 million. The Company's pipeline reflecting potential new deals remains strong. The magnitude of the growth trend will depend on the strength and sustainability of the economic recovery and the demand for supply chain management software.

Given the current backlog[8] of $44.9 million, comprised primarily of services, the Company's management believes that the services revenue level ranging between $9.0 million and $9.5 million per quarter can be sustained in the short term if no significant new agreements are completed.

Strategically, the Company continues to focus its efforts on the most likely opportunities within its existing vertical markets and customer base. The Company also currently offers subscription-based licensing, hosting services, modular sales and implementations, and enhanced payment terms to promote revenue growth.

The exchange rate of the U.S. dollar in comparison to the Canadian dollar continues to be an important factor affecting revenues and profitability as the Company generally derives approximately 64% of its business from U.S. customers while the majority of its cost base is in Canadian dollars.

[7, 8] Refer to section at end of MD&A titled "Non-IFRS Performance Measures"

The Company will continue to adjust its business model to ensure that costs are aligned to its revenue expectations and the economic reality. The Company has increased its headcount over the past several years to meet the higher demand for its services and to capture pipeline opportunities. The Company will focus its attention on rendering this investment profitable while addressing the services backlog contributing to revenue generation. Other cost areas under continuous scrutiny are traveling, consulting and communications.

The Company believes that funds on hand together with anticipated cash flows from operations, and its accessibility to the operating line of credit will be sufficient to meet all its needs for a least the next twelve months. The Company can further manage its capital structure by adjusting its dividend policy.

Financial Instruments and Financial Risk Management

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash and cash equivalents, accounts receivable, other accounts receivable, and accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments. The fair value of the long-term debt was determined to be not significantly different with its carrying value.

Derivative instruments are also recorded as either assets or liabilities measured at their fair value. As such, the net fair value of all outstanding foreign exchange contracts representing a $94,000 loss was recorded as a liability of $310,000 in accounts payable and accrued liabilities and an asset of $216,000 in other accounts receivable as at April 30, 2015 (April 30, 2014 - $104,000 loss recorded as a liability of $124,000 in accounts payable and accrued liabilities and an asset of $20,000 in other accounts receivable).

Derivatives in the form of forward exchange contracts are used to manage currency risk related to the fluctuation of the U.S. dollar. The Company is exposed to currency risk as a certain portion of the Company's revenue and expenses are realized in U.S. dollars resulting in U.S. dollar-denominated accounts receivable and accounts payable and accrued liabilities. In addition, certain of the Company's cash and cash equivalents are denominated in U.S. dollars.

The Company's hedging strategy is practiced on two fronts. Firstly, the Company enters into forward exchange contracts to hedge approximately 50% of its highly probable future revenue denominated in U.S. dollars covering approximately the six month span beyond the current reporting date with the intention of stabilizing revenue and margin expectations due to possible short term exchange fluctuations, and secondly in order to offset the impact of the fluctuation of the U.S. dollar regarding the revaluation of its U.S net monetary asset and liability position. In this regard, the Company practices economic hedging regularly by analysing its net U.S. monetary asset and liability position and uses forward exchange contracts to equilibrate its position. As such, any change in cash flows associated with derivative instruments is expected to be offset by changes in cash flows related to the net monetary position in the foreign currency and the recognition of highly probable future U.S. denominated revenue and related accounts receivable. The Company uses derivative financial instruments only for risk management purposes, not for generating speculative trading profits.

Financial instruments which potentially subject the Company to credit risk consist principally of cash and cash equivalents, accounts receivable, and other accounts receivable. The Company's cash and cash equivalents, and restricted cash equivalents consisting of guaranteed investment certificates are maintained at major financial institutions.

At April 30, 2015, there is one customer comprising more than 10% of total trade accounts receivable and work in progress. Generally, there is no particular concentration of credit risk related to the accounts receivable due to the North American distribution of customers and procedures for the management of commercial risks. The Company performs ongoing credit reviews of all its customers and establishes an allowance for doubtful accounts receivable when accounts are determined to be uncollectible. Customers do not provide collateral in exchange for credit.

Refer to note 25 of the consolidated financial statements for additional discussion of the Company's risk management policies, including currency risk, credit risk, liquidity risk, interest rate risk and market price risk.

Outstanding Share Data

At July 8, 2015, the Company has 12,315,326 common shares outstanding as there were no transactions since the end of the fiscal year.

Similarly, on July 8, 2015, outstanding share options to purchase common shares numbered 1,000 as there were no transactions since the end of the fiscal year.

Critical Accounting Policies

The Company's critical accounting policies are those that it believes are the most important in determining its financial condition and results. A summary of the Company's significant accounting policies, including the critical accounting policies discussed below, is set out in the notes to the consolidated financial statements.

Use of estimates, assumptions and judgments

The preparation of the consolidated financial statements requires management to make estimates, assumptions, and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about areas requiring the use of judgment, management assumptions and estimates, and key sources of estimation uncertainty that the Company believes could have the most significant impact on reported amounts is noted below:

(i) Revenue recognition:

A portion of the Company's revenue is recognized on a percentage-of-completion basis. In this regard, estimates are required in determining the level of advancement and in determining the costs to complete the deliverables.

Revenue recognition is subject to critical judgment, particularly in multiple-element arrangements where judgment is required in allocating revenue to each component, including licenses, professional services and maintenance services, based on the relative fair value of each component. As certain of these components have a term of more than one year, the identification of each deliverable and the allocation of the consideration received to the components impacts the timing of revenue recognition.

(ii) Government assistance:

Management uses judgment in estimating amounts receivable for various tax credits and in assessing the eligibility of research and development expenses.

(iii) Income taxes:

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and available tax planning strategies in making this assessment.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

(iv) Impairment of assets:

Impairment assessments may require the Company to determine the recoverable amount of a cash generating unit ("CGU"), defined as the smallest identifiable group of assets that generates cash inflows independent of other assets. This determination requires significant estimates in a variety of areas including: expected sales, gross margins, selling costs, timing and size of cash flows, and discount and interest rates. The Company documents and supports all assumptions made in the above estimates and updates such assumptions to reflect the best information available to the Company if and when an impairment assessment requires the recoverable amount of a CGU to be determined.

(v) Allowance for doubtful accounts:

The Company makes an assessment of whether accounts receivable are collectable, which considers credit loss insurance and the credit-worthiness of each customer, taking into account each customer's financial condition and payment history in order to estimate an appropriate allowance for doubtful accounts. Furthermore, these estimates must be continuously evaluated and updated. The Company is not able to predict changes in the financial condition of its customers, and if circumstances related to its customers' financial conditions deteriorate, the estimates of the recoverability of trade accounts receivable could be materially affected and the Company may be required to record additional allowances. Alternatively, if the Company provides more allowances than needed, a reversal of a portion of such allowances in future periods may be required based on actual collection experience.

(vi) Business combinations:

Business combinations are accounted for in accordance with the acquisition method. On the date that control is obtained, the identifiable assets, liabilities and contingent liabilities of the acquired company are measured at their fair value. Depending on the complexity of determining these valuations, the Company uses appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied as it would be assumed by a market participant.

Change in Accounting Policies

New Accounting Standards Adopted in 2015

The Company applied the same accounting policies in the preparation of its 2015 audited annual consolidated financial statements as those applied in its 2014 audited annual consolidated financial statements with the exception of the following:

A number of new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Standards Interpretations Committee ("IFRS IC") that are mandatory and effective for annual periods starting on or after January 1, 2014. The Company adopted the following new standards, amendments and interpretations to existing standards in the first quarter of 2015 commencing May 1, 2014:

IFRIC 21, *Levies* ("IFRIC 21"):

This interpretation provides guidance on accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. It defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recorded before the specified minimum threshold is reached. Based on the Company's review, there was no material impact on the Company's consolidated financial statements upon the adoption of IFRIC 21 on May 1, 2014.

IFRS 9, *Financial Instruments* ("IFRS 9"):

On May 1, 2014, the Company early adopted IFRS 9, *Financial Instruments* (2013). This standard establishes principles for the financial reporting classification of financial assets and financial liabilities. This standard also incorporates a new hedging model which increases the scope of hedged items eligible for hedge accounting and removes the requirements for quantitative thresholds when calculating hedge effectiveness, allowing flexibility in how an economic relationship is demonstrated. This new standard also increases required disclosures about an entity's risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the consolidated financial statements.

IFRS 9 (2013) uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39, *Financial Instruments: Recognition and Measurement*. The approach in IFRS 9 (2013) is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 (2013).

The adoption of IFRS 9 (2013) did not require restatement of comparative periods and did not result in any measurement adjustments to the Company's financial assets and financial liabilities, including the fair value of derivatives that existed as at April 30, 2014. During fiscal 2015, for the first time, the Company executed designated hedge transactions to sell U.S. dollars forward via foreign exchange contracts to hedge highly probable future revenue denominated in U.S. dollars. The Company has analysed its eligibility for hedge accounting and the accounting for the derivative financial instruments designated as effective hedging instruments. As such, the Company has reviewed its significant accounting policies for financial instruments, derivative financial instruments, and hedging relationships to align them with IFRS 9 (2013) as it initiated hedge accounting in fiscal 2015.

The following summarizes the classification and measurement changes for the Company's non-derivative financial assets and financial liabilities as a result of the adoption of IFRS 9 (2013).

	Category under IAS 39	Category under IFRS 9
Financial assets:		
Cash and cash equivalents	**Loans and receivables**	**Amortized cost**
Restricted cash equivalents	**Loans and receivables**	**Amortized cost**
Accounts receivable	**Loans and receivables**	**Amortized cost**
Other accounts receivable	**Loans and receivables**	**Amortized cost**
Financial liabilities:		
Accounts payable and accrued liabilities	**Other financial liabilities**	**Amortized cost**
Long-term debt	**Other financial liabilities**	**Amortized cost**

As at April 30, 2014, the Company had derivative financial assets and derivative financial liabilities not designated in a hedging relationship measured at fair value included in other accounts receivable and accounts payable and accrued liabilities, respectively. As at April 30, 2015, the Company had derivative financial assets not designated in a hedging relationship and derivative financial assets and liabilities designated as effective hedging instruments, measured at fair value, included in other accounts receivable or accounts payable and accrued liabilities, as appropriate.

New Accounting Standards and Interpretations Issued But Not Yet Adopted

A number of new standards, interpretations and amendments to existing standards were issued by the IASB or IFRS IC that are mandatory but not yet effective for the year ended April 30, 2015, and have not been applied in preparing these consolidated financial statements. None are expected to have an impact on the consolidated financial statements of the Company except for the following:

IFRS 9, *Financial Instruments* ("IFRS 9"):

In July 2014, the IASB issued the complete version of IFRS 9 (2014), *Financial Instruments*. IFRS 9 (2014) differs in some regards from IFRS 9 (2013) which the Company early adopted effective May 1, 2014. IFRS 9 (2014) includes updated guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new expected credit loss model for calculating impairment, and new general hedge accounting requirements. The final version of IFRS 9 supersedes all previous versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018 and must be applied retroactively with some exemptions. Early adoption is permitted, however an entity may elect to apply earlier versions of IFRS 9 if the entity's relevant date of initial application is before February 1, 2015. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"):

In May 2014, the IASB issued IFRS 15 which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers.

IFRS 15 supersedes the following standards: IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, T*ransfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Service*.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

Risks and Uncertainties

History of Earnings and Losses; Uncertainty of Future Operating Results

The Company realized net earnings over the last eight fiscal years from 2008 through 2015, but incurred losses in fiscal 2007 as well as in other prior fiscal years. The Company has continued to adjust its operating model in view of achieving profitability. However, there can be no assurance that the Company will achieve or sustain profitability in the future. The Company's dependence on a market characterized by rapid technological change make the prediction of future results of operations difficult or impossible. There can be no assurance that the Company can generate substantial revenue growth on a quarterly or annual basis, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company has achieved or may achieve may not be indicative of future operating results. In addition, the Company may increase its operating expenses in order to fund higher levels of research and development, increase its sales and marketing efforts, develop new distribution channels, broaden its customer support capabilities and expand its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenue, the Company's business, results of operations, and financial condition would be materially adversely affected.

Fluctuations in Quarterly Results

The Company's quarterly operating results have in the past and will in the future, fluctuate significantly, depending on factors such as the demand for the Company's products, the size and timing of orders, the number, timing and significance of new product announcements by the Company and its competitors, the ability of the Company to develop, introduce, and market new and enhanced versions of its products on a timely basis, the level of product and price competition, changes in operating expenses, changes in average selling prices and product mix, sales personnel changes, the mix of direct and indirect sales, product returns and general economic factors, among others.

In particular, the Company's quarterly results are affected by the timing of new releases of its products and upgrades. The Company's operating expenses are based on anticipated revenue levels in the short term and are relatively fixed and incurred throughout the quarter. As a result, if the revenue is not realized in the expected quarter, the Company's operating results could be materially adversely affected. Quarterly results in the future may be influenced by these or other factors, including possible delays in the shipment of new products and purchasing delays of current products as customers anticipate new product releases. Accordingly, there may be significant variations in the Company's quarterly operating results.

Lengthy Sales and Implementation Cycle

The sale and implementation of the Company's products generally involves a significant commitment of resources by prospective customers. As a result, the Company's sales process is often subject to delays associated with lengthy approval processes attendant to significant capital expenditures. For these and other reasons, the sales cycle associated with the licensing of the Company's products varies substantially from customer to customer and typically lasts between six and twelve months. During this time, the Company may devote significant resources to a prospective customer, including costs associated with multiple site visits, product demonstrations and feasibility studies, and experience a number of significant delays over which it has no control. In addition, following license sales, the implementation period may involve six to twelve months for consulting services, customer training and integration with the customer's other existing systems.

Product Development and Technological Change

The software industry is characterized by rapid technological change and frequent new product introductions. Accordingly, the Company believes that its future success depends upon its ability to enhance current products or develop and introduce new products that enhance performance and functionality at competitive prices. The Company's inability, for technological or other reasons, to develop and introduce products in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on its business, results of operations and financial condition.

The ability of the Company to compete successfully will depend in large measure on its ability to maintain a technically competent research and development staff and adapt to technological changes and advances in the industry, including providing for the continued compatibility of its software products with evolving computer hardware and software platforms and operating environments. There can be no assurance that the Company will be successful in these efforts.

Competition

The Company competes in many cases against companies with more established and larger sales and marketing organizations, larger technical staff, and significantly greater financial resources. As the market for the Company's products continues to develop, additional competitors may enter the market and competition may intensify. Additionally, there can be no assurance that competitors will not develop products superior to the Company's products or achieve greater market acceptance due to pricing, sales channels or other factors.

Management of Growth and Dependence on Key Management and Personnel

The Company's dependence upon key personnel to operate the business represents risk of the loss of expertise if key personnel were to leave.

The Company depends upon the experience and expertise of our executive management team. The competition for executives, as well as for skilled product development and technical personnel, in the software industry is intense and the Company may not be able to retain or recruit needed personnel. If the Company is not able to attract and retain existing and additional highly qualified management, sales, and technical personnel, it may not be able to successfully execute the business strategy.

The Company's ability to support the growth of its business will be substantially dependent upon having in place highly trained internal and third-party resources to conduct pre-sales activity, product implementation, training and other customer support services.

Risks Related to Acquisitions

The Company may continue to expand its operations or product line through the acquisition of additional businesses, products or technologies. Acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances and legal liabilities, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Risk of Software Defects

Software products as complex as those offered by the Company frequently contain errors or defects, especially when first introduced or when new versions or enhancements are released. Despite product testing, the Company has in the past released products with defects, discovered software errors in certain of its new versions after introduction and experienced delays or lost revenue during the period required to correct these errors. The Company regularly introduces new releases and periodically introduces new versions of its software. There can be no assurance that, despite testing by the Company and its customers, defects and errors will not be found in existing products or in new products, releases, versions or enhancements after commencement of commercial shipments.

Risk Related to Protection of Intellectual Property

The Company considers certain aspects of its internal operations, software and documentation to be proprietary, and relies on a combination of copyright, patents, trademark and trade secret laws; confidentiality agreements with employees and third parties; and protective contractual provisions (such as those contained in our license agreements with consultants, vendors, partners and customers) and other measures to maintain intellectual property rights. Any of the Company's intellectual property rights could be challenged, invalidated, circumvented, or copied to cause a competitive disadvantage, lost opportunities and market share, and potential costly litigation to enforce or re-establish the Company's rights. This could materially and adversely affect the Company's business, operating results, and financial condition.

Risk of Third-Party Claims for Infringement

The Company is not aware that any of its products infringe the proprietary rights of third-parties. There can be no assurance, however, that third-parties will not claim such infringement by the Company or its licensees with respect to current or future products. The Company expects that software developers will increasingly be subject to such claims as the number of products and competitors in the Company's industry segment grows and as functionality of products in different industry segments overlaps.

Reliance on Third-Party Software

The Company relies on certain software that it sub-licenses from third-parties. There can be no assurance that these third-party software companies will continue to permit the Company to sub-license on commercially reasonable terms.

Currency Risk

A significant part of the Company's revenues are realized in U.S. dollars. Fluctuation in the exchange rate between the Canadian dollar, the U.S. dollar, and other currencies may have a material adverse effect on the margins the Company may realize from its products and services and may directly impact results from operations. From time to time, the Company may take steps to manage such risk by engaging in exchange rate hedging activities; however, there can be no assurance that the Company will be successful in such hedging activities.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's Chief Executive Officer (CEO) and its Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures regarding the communication of information. They are assisted in this responsibility by the Company's Executive Committee, which is composed of members of senior management. Based on the evaluation of the Company's disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of April 30, 2015.

Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with IFRS in its consolidated financial statements.

An evaluation was carried out under the supervision and with the participation of the Company's Chief Executive Officer and the Chief Financial Officer to evaluate the design and operating effectiveness of the Company's internal controls over financial reporting as at April 30, 2015. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the internal control over financial reporting, as defined by National Instrument 52-109 was appropriately designed and operating effectively. The evaluations were conducted in accordance with the framework criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) (COSO), a recognized control model, and the requirements of National Instrument 52-109, Certification of Disclosures in Issuers' Annual and Interim Filings.

Forward-Looking Information

This annual report and management's discussion and analysis contain "forward-looking information" within the meaning of applicable securities legislation. Although the forward-looking information is based on what the Company believes are reasonable assumptions, current expectations, and estimates, investors are cautioned from placing undue reliance on this information since actual results may vary from the forward-looking information. Forward-looking information may be identified by the use of forward-looking terminology such as "believe", "intend", "may", "will", "expect", "estimate", "anticipate", "continue" or similar terms, variations of those terms or the negative of those terms, and the use of the conditional tense as well as similar expressions.

Such forward-looking information that is not historical fact, including statements based on management's belief and assumptions cannot be considered as guarantees of future performance. They are subject to a number of risks and uncertainties, including but not limited to future economic conditions, the markets that the Company serves, the actions of competitors, major new technological trends, and other factors, many of which are beyond the Company's control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. The Company undertakes no obligation to update publicly

any forward-looking information whether as a result of new information, future events or otherwise other than as required by applicable legislation. Important risk factors that may affect these expectations include, but are not limited to, the factors described under the section "Risks and Uncertainties".

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this management discussion and analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) competitive environment; (ii) operating risks; (iii) the Company's management and employees; (iv) capital investment by the Company's customers; (v) customer project implementations; (vi) liquidity; (vii) current global financial conditions; (viii) implementation of the Company's commercial strategic plan; (ix) credit; (x) potential product liabilities and other lawsuits to which the Company may be subject; (xi) additional financing and dilution; (xii) market liquidity of the Company's common shares; (xiii) development of new products; (xiv) intellectual property and other proprietary rights; (xv) acquisition and expansion; (xvi) foreign currency; (xvii) interest rate; (xviii) technology and regulatory changes; (xix) internal information technology infrastructure and applications, (xx) and cyber security.

Non-IFRS Performance Measures

The Company uses certain non-IFRS financial performance measures in its MD&A and other communications which are described in the following section. Many of these non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to similarly titled measures reported by other companies. Readers are cautioned that the disclosure of these metrics is meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses both IFRS and non-IFRS measures when planning, monitoring and evaluating the Company's performance.

EBITDA

EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization. The Company believes that this measure is commonly used by investors and analysts to measure a company's performance, its ability to service debt and to meet other payment obligations, or as a common valuation measurement.

The EBITDA calculation for fiscal 2015 and 2014 derived from IFRS measures in the Company's consolidated financial statements is as follows:

		2015		**2014**
Profit for the period	$	1,515	$	1,795
Adjustments for:				
Depreciation of property and equipment		743		728
Depreciation of deferred development costs		1,291		1,045
Depreciation of other intangible assets		434		170
Interest expense		126		162
Interest income		(21)		(50)
Income taxes		313		226
EBITDA	$	4,401	$	4,076

Recurring Revenue

Recurring revenue is defined as the contractually committed purchase of services, generally comprising proprietary and third-party maintenance and hosting services, over the next twelve months. The quantification assumes that the customer will renew the contractual commitment on a periodic basis as they come up for renewal. This portion of the Company's revenue is predictable and stable.

Bookings

Broadly speaking, bookings refers to the total value of accepted contracts, including software licenses and other proprietary products and related support services, third-party hardware and software and related support services, contracted work or services, and changes to such contracts recorded during a specified period. The Total Contract Value (TCV) is not typically limited to the first year, nor would it typically exclude certain transaction types. The Company believes that this metric is a primary indicator of the general state of the business performance. Bookings typically include all items with a revenue implication, such as new contracts, renewals, upgrades, downgrades, add-ons, early terminations and refunds. Bookings are typically segmented into classifications, such as New Account Bookings or Base Account Bookings, and performance in these bookings classes is frequently used in various sales and other compensation plans.

Backlog

Generally, backlog refers to something unfulfilled. In a traditional software company, this term is used largely within finance. Backlog refers to the value of contracted orders that have not shipped and services not yet delivered. Backlog could refer to the value of contracted or committed revenue that is not yet recognizable due to acceptance criteria, delivery of professional services, or some accounting rule. The quantification of backlog is not limited to the first year, nor would it typically exclude certain transaction types. In this context, backlog is really “revenue backlog” and is the total unrecognized future revenue from existing signed contracts. Backlog includes recurring revenue as discussed earlier.

Additional Information about TECSYS

Additional information about the Company, including copies of the continuous disclosure materials such as annual information form and the management proxy circular are available through the SEDAR website at *http://www.sedar.com*.

Management's Report

The consolidated financial statements of the Company included herewith as well as all the information presented in this Annual Report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements include amounts based on the use of best estimates and judgements. Management has established these amounts in a reasonable manner in order to ensure that the consolidated financial statements are fairly presented in all material respects. Management has also prepared the financial information presented elsewhere in the annual report and has ensured that it agrees with the consolidated financial statements. The Company maintains control systems for internal accounting and administration. The objective of these systems is to provide a reasonable assurance that the financial information is pertinent, reliable and accurate and that the Company's assets are properly accounted for and safeguarded.

The Board of Directors is entrusted with ensuring that management assumes its responsibilities with regard to the presentation of financial information and is ultimately responsible for the examination and approval of the financial statements. However, it is mainly through its Audit Committee, whose members are external directors, that the Board discharges this responsibility. This committee meets periodically with management and the external auditors to discuss the internal controls exercised over the process of presentation of the financial information, auditing issues and questions on the presentation of financial information, in order to assure itself that each party properly fulfills its function and also to examine the consolidated financial statements and the external auditors' report.

The consolidated financial statements have been audited on behalf of the shareholders by the external auditors, KPMG LLP for the fiscal years ended April 30, 2015 and 2014. The auditors have free and full access to internal records, to management and to the Audit Committee.

Peter Brereton
President and CEO
July 8, 2015

Berty Ho-Wo-Cheong
Vice President, Finance and Administration
and Chief Financial Officer

Independent Auditors' Report

To the Shareholders of TECSYS Inc.

We have audited the accompanying consolidated financial statements of TECSYS Inc., which comprise the consolidated statements of financial position as at April 30, 2015 and April 30, 2014, the consolidated statements of income and comprehensive income, cash flows and changes in equity for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of TECSYS Inc. as at April 30, 2015 and April 30, 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

July 8, 2015
Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A120841

TECSYS Inc.

Consolidated Statements of Financial Position

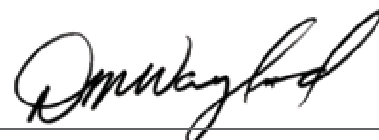
(in thousands of Canadian dollars)

	Note	April 30, 2015	April 30, 2014
Assets			
Current assets			
Cash and cash equivalents	7	$ 10,815	$ 8,839
Accounts receivable		12,570	9,076
Work in progress		704	524
Other accounts receivable		434	66
Tax credits	8	5,369	2,704
Inventory	9	1,059	293
Prepaid expenses		1,394	1,037
Total current assets		32,345	22,539
Non-current assets			
Restricted cash equivalents	7	-	80
Tax credits	8	1,538	1,350
Property and equipment	10	2,526	2,627
Deferred development costs	11	4,348	4,088
Other intangible assets	11	2,184	508
Goodwill	11	3,596	2,239
Deferred tax assets	16	840	714
Total non-current assets		15,032	11,606
Total assets		$ 47,377	$ 34,145
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	$ 8,817	$ 5,426
Current portion of long-term debt	12, 14	1,456	1,000
Deferred revenue		10,098	8,326
Total current liabilities		20,371	14,752
Non-current liabilities			
Long-term debt	12, 14	3,333	2,500
Other non-current liabilities	13	311	299
Total non-current liabilities		3,644	2,799
Total liabilities		24,015	17,551
Equity			
Share capital	15	8,349	2,153
Contributed surplus	15	9,577	9,577
Retained earnings		5,341	4,864
Accumulated other comprehensive income	25	95	-
Total equity attributable to the owners of the Company		23,362	16,594
Total liabilities and equity		$ 47,377	$ 34,145

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors

Director



Director

TECSYS Inc.

Consolidated Statements of Income and Comprehensive Income

(in thousands of Canadian dollars, except per share data)

Years ended April 30,	Note	2015	2014
Revenue:			
Proprietary products		$ 12,525	$ 8,081
Third-party hardware and software products		8,576	6,833
Services	17	34,347	30,176
Reimbursable expenses		1,836	1,468
Total revenue		57,284	46,558
Cost of revenue:			
Products		6,432	5,112
Services	18	21,443	19,685
Reimbursable expenses		1,836	1,468
Total cost of revenue		29,711	26,265
Gross profit		27,573	20,293
Operating expenses:			
Sales and marketing		12,727	8,755
General and administration		5,899	4,050
Research and development, net of tax credits		7,000	5,223
Total operating expenses		25,626	18,028
Profit from operations		1,947	2,265
Net finance costs	20	119	244
Profit before income taxes		1,828	2,021
Income taxes	16	313	226
Profit attributable to the owners of the Company		$ 1,515	$ 1,795
Other comprehensive income:			
Effective portion of changes in fair value on designated revenue hedges	25	95	-
Comprehensive income attributable to the owners of the Company		$ 1,610	$ 1,795
Basic and diluted earnings per common share	15	$ 0.13	$ 0.16

See accompanying notes to the consolidated financial statements.

TECSYS Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

Years ended April 30,	Note	2015	2014
Cash flows from (used in) operating activities:			
Profit for the year		$ 1,515	$ 1,795
Adjustments for:			
Depreciation of property and equipment	10	743	728
Depreciation of deferred development costs	11	1,291	1,045
Depreciation of other intangible assets	11	434	170
Net finance costs	20	119	244
Unrealized foreign exchange losses, realized foreign exchange gains and other		74	122
Federal non-refundable research and development tax credits	8	(500)	(300)
Income taxes		184	199
Operating activities excluding changes in non-cash working capital items related to operations		3,860	4,003
Accounts receivable		(2,374)	(1,117)
Work in progress		(84)	767
Other accounts receivable		(190)	53
Tax credits		(2,443)	1,945
Inventory		(298)	252
Prepaid expenses		(335)	116
Accounts payable and accrued liabilities		2,023	516
Deferred revenue		1,235	1,165
Changes in non-cash working capital items related to operations		(2,466)	3,697
Net cash from operating activities		1,394	7,700
Cash flows from (used in) financing activities:			
Repayment of bank loans		(140)	-
Repayment of loan to related party		-	(70)
Repayment of long-term debt	12, 14	(1,064)	(1,000)
Long-term debt	12, 14	2,050	-
Issuance of common shares	15	6,096	130
Normal course issuer bid fees	15	-	(11)
Purchase of share options for cancellation	15	(31)	(20)
Payment of dividends	15	(1,038)	(861)
Interest paid	20	(126)	(162)
Net cash from (used in) financing activities		5,747	(1,994)
Cash flows (used in) from investing activities:			
Restricted cash equivalents		80	40
Interest received	20	21	50
Acquisitions of property and equipment	10	(435)	(427)
Acquisitions of other intangible assets	11	(374)	(134)
Deferred development costs	11	(1,551)	(1,816)
Receivables from TECSYS Latin America Inc.		43	72
Business combination, net of cash and cash equivalents acquired	6	(2,949)	-
Net cash used in investing activities		(5,165)	(2,215)
Net increase in cash and cash equivalents during the year		1,976	3,491
Cash and cash equivalents - beginning of year		8,839	5,348
Cash and cash equivalents - end of year		$ 10,815	$ 8,839

Supplementary cash flow information (note 21)

See accompanying notes to the consolidated financial statements.

TECSYS Inc.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars, except number of shares)

	Note	Share capital Number	Share capital Amount	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total
Balance, April 30, 2013		11,449,421	$ 1,748	$ 9,588	$ -	$ 3,930	$ 15,266
Profit and comprehensive income for the year		-	-	-	-	1,795	1,795
Total comprehensive income for the year		-	-	-	-	1,795	1,795
Normal course issuer bid fees	15	-	-	(11)	-	-	(11)
Share options exercised	15	75,000	130	-	-	-	130
Fair value associated with share options exercised		-	275	-	-	-	275
Dividends to equity owners	15	-	-	-	-	(861)	(861)
Total transactions with owners of the Company		75,000	405	(11)	-	(861)	(467)
Balance, April 30, 2014		11,524,421	$ 2,153	$ 9,577	$ -	$ 4,864	$ 16,594
Profit for the year		-	-	-	-	1,515	1,515
Other comprehensive income for the year:							
Effective portion of changes in fair value on designated revenue hedges	25	-	-	-	95	-	95
Total comprehensive income for the year		-	-	-	95	1,515	1,610
Common shares issued related to purchase of Logi D Holding Inc.	6	15,625	100	-	-	-	100
Common shares issued under bought deal financing	15	775,280	6,096	-	-	-	6,096
Dividends to equity owners	15	-	-	-	-	(1,038)	(1,038)
Total transactions with owners of the Company		790,905	6,196	-	-	(1,038)	5,158
Balance, April 30, 2015		12,315,326	$ 8,349	$ 9,577	$ 95	$ 5,341	$ 23,362

See accompanying notes to the consolidated financial statements.

1. Description of business:

TECSYS Inc. (the "Company") was incorporated under the Canada Business Corporations Act in 1983. The Company's principal business activity is the development, marketing and sale of enterprise-wide supply chain management software for distribution, warehousing, and transportation logistics. The Company also provides related consulting, education and support services. The Company is headquartered at 1, Place Alexis Nihon, Montréal, Canada, and derives substantially all of its revenue from customers located in the United States and Canada. The Company's customers consist primarily of high-volume distributors of discrete goods. The consolidated financial statements comprise the Company and its wholly-owned subsidiaries. The Company is a publicly listed entity and its shares are traded on the Toronto Stock Exchange under the symbol TCS.

2. Basis of preparation:

(a) Statement of compliance:

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements for the year ended April 30, 2015 were authorized for issuance by the Board of Directors on July 8, 2015.

(b) Basis of measurement:

The consolidated financial statements have been prepared on a going concern basis using the historical cost basis except for the following items in the consolidated statements of financial position.

- Derivative financial instruments which are measured at fair value;
- The share options liability which is measured at fair value;
- Identifiable assets acquired and liabilities assumed in connection with a business combination which are initially measured at fair value.

(c) Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, the functional currency of the Company and its subsidiaries. All financial information has been rounded to the nearest thousand, except where otherwise indicated.

(d) Use of estimates, assumptions and judgments:

The preparation of the consolidated financial statements requires management to make estimates, assumptions, and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about areas requiring the use of judgment, management assumptions and estimates, and key sources of estimation uncertainty that the Company believes could have the most significant impact on reported amounts is noted below:

(i) Revenue recognition:

A portion of the Company's revenue is recognized on a percentage-of-completion basis. In this regard, estimates are required in determining the level of advancement and in determining the costs to complete the deliverables.

Revenue recognition is subject to critical judgment, particularly in multiple-element arrangements where judgment is required in allocating revenue to each component, including licenses, professional services and maintenance services, based on the relative fair value of each component. As certain of these components have a term of more than one year, the identification of each deliverable and the allocation of the consideration received to the components impacts the timing of revenue recognition.

(ii) Government assistance:

Management uses judgment in estimating amounts receivable for various tax credits and in assessing the eligibility of research and development expenses.

(iii) Income taxes:

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and available tax planning strategies in making this assessment.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

(iv) Impairment of assets:

Impairment assessments may require the Company to determine the recoverable amount of a cash-generating unit ("CGU"), defined as the smallest identifiable group of assets that generates cash inflows independent of other assets. This determination requires significant estimates in a variety of areas including: expected sales, gross margins, selling costs, timing and size of cash flows, and discount and interest rates. The Company documents and supports all assumptions made in the above estimates and updates such assumptions to reflect the best information available to the Company if and when an impairment assessment requires the recoverable amount of a CGU to be determined.

(v) Allowance for doubtful accounts:

The Company makes an assessment of whether accounts receivable are collectable, which considers credit loss insurance and the credit-worthiness of each customer, taking into account each customer's financial condition and payment history in order to estimate an appropriate allowance for doubtful accounts. Furthermore, these estimates must be continuously evaluated and updated. The Company is not able to predict changes in the financial condition of its customers, and if circumstances related to its customers' financial conditions deteriorate, the estimates of the recoverability of trade accounts receivable could be materially affected and the Company may be required to record additional allowances. Alternatively, if the Company provides more allowances than needed, a reversal of a portion of such allowances in future periods may be required based on actual collection experience.

(vi) Business combinations:

Business combinations are accounted for in accordance with the acquisition method. On the date that control is obtained, the identifiable assets, liabilities and contingent liabilities of the acquired company are measured at their fair value. Depending on the complexity of determining these valuations, the Company uses appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied as it would be assumed by a market participant.

3. New accounting standards adopted in fiscal 2015:

A number of new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Standards Interpretations Committee ("IFRS IC") that are mandatory and effective for annual periods starting on or after January 1, 2014. The Company adopted the following new standards, amendments and interpretations to existing standards in the first quarter of 2015 commencing May 1, 2014.

IFRIC 21, *Levies* ("IFRIC 21"):

This interpretation provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. It defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recorded before the specified minimum threshold is reached. Based on the Company's review, there was no material impact on the Company's consolidated financial statements upon the adoption of IFRIC 21 on May 1, 2014.

IFRS 9, *Financial Instruments* (“IFRS 9”):

On May 1, 2014, the Company early adopted IFRS 9, *Financial Instruments* (2013). This standard establishes principles for the financial reporting classification of financial assets and financial liabilities. This standard also incorporates a new hedging model which increases the scope of hedged items eligible for hedge accounting and removes the requirements for quantitative thresholds when calculating hedge effectiveness, allowing flexibility in how an economic relationship is demonstrated. This new standard also increases required disclosures about an entity’s risk management strategy, cash flows from hedging activities and the impact of hedge accounting on the consolidated financial statements.

IFRS 9 (2013) uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement. The approach in IFRS 9 (2013) is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 (2013).

The adoption of IFRS 9 (2013) did not require restatement of comparative periods and did not result in any measurement adjustments to the Company’s financial assets and financial liabilities, including the fair value of derivatives that existed as at April 30, 2014. During fiscal 2015, for the first time, the Company executed designated hedge transactions to sell U.S. dollars forward via foreign exchange contracts to hedge highly probable future revenue denominated in U.S. dollars. The Company has analysed its eligibility for hedge accounting and the accounting for the derivative financial instruments designated as effective hedging instruments. As such, the Company has reviewed its significant accounting policies for financial instruments, derivative financial instruments, and hedging relationships to align them with IFRS 9 (2013) as it initiated hedge accounting in fiscal 2015.

The following summarizes the classification and measurement changes for the Company’s non-derivative financial assets and financial liabilities as a result of the adoption of IFRS 9 (2013).

	Category under IAS 39	Category under IFRS 9
Financial assets:		
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash equivalents	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Other accounts receivable	Loans and receivables	Amortized cost
Financial liabilities:		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost

As at April 30, 2014, the Company had derivative financial assets and derivative financial liabilities not designated in a hedging relationship measured at fair value included in other accounts receivable and accounts payable and accrued liabilities, respectively. As at April 30, 2015, the Company had derivative financial assets not designated in a hedging relationship and derivative financial assets and liabilities designated as effective hedging instruments, measured at fair value, included in other accounts receivable or accounts payable and accrued liabilities, as appropriate.

4. Significant accounting policies:

These consolidated financial statements have been prepared with the accounting policies set out below and have been applied consistently to all periods presented, unless otherwise indicated.

(a) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its subsidiaries.

(i) Business combinations:

Business combinations are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries:

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Company's wholly owned subsidiaries and their jurisdiction of incorporation are as follows:

Subsidiary	Jurisdiction of Incorporation
TECSYS U.S. Inc.	Ohio
TECSYS CDI Inc.	Indiana
TECSYS Europe Limited	England
Logi D Holding Inc.	Canada
Logi D Inc.	Canada
Logi D Corp.	Delaware

(iii) Transactions eliminated on consolidation:

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency translation:

The functional currency of the Company's foreign subsidiaries is the Canadian dollar, the Company's functional currency. As such, transactions in foreign currencies are translated as follows:

- Revenues and expenses that are not hedged are translated at the exchange rate in effect as at the date of the transaction;
- Revenues that are hedged are translated at the exchange rate specified in the underlying derivative instrument hedging the transaction;
- Monetary assets and liabilities are translated into the functional currency at the exchange rate at the reporting date;
- Non-monetary items measured at historical cost are translated using the historical exchange rate at the date of the transaction. Depreciation is translated at the same rate as the asset to which it applies;
- Non-monetary assets and liabilities measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined;
- Currency translation gains and losses are reflected in finance income or finance costs in profit or loss for the period.

(c) Inventory:

Inventory is stated at the lower of cost and net realizable value. Cost is determined on an average cost basis, other than Logi - D inventory, which is determined on a first-in first-out cost basis. Inventory costs include the purchase price and other costs directly related to the acquisition of materials, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.

(d) Financial instruments:

The Company initially recognizes financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Company classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets are classified into the following categories, and depend on the purpose for which the financial assets were acquired.

(i) Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Company currently classifies its cash and cash equivalents, restricted cash equivalents, accounts receivable, and other accounts receivable (excluding the fair value of derivatives) as financial assets measured at amortized cost.

(ii) Financial assets measured at fair value

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss. However, for investments in equity instruments that are not held for trading, the Company may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss, and no impairment is recognized in profit or loss. Dividends earned from such investments are recognized in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment.

(iii) Financial liabilities measured at amortized cost

A financial liability is subsequently measured at amortized cost, using the effective interest method. The Company currently classifies accounts payable and accrued liabilities (excluding derivative financial instruments designated as effective hedging instruments, non-hedge derivative financial instruments, and the fair value liability of share options), and long-term debt as financial liabilities measured at amortized cost.

(iv) Derivative financial instruments not designated in a hedging relationship measured at fair value

Non-hedge derivative financial instruments, including forward foreign exchange contracts, are recorded as either assets or liabilities measured initially at fair value. Attributable transaction costs are recognized in profit or loss as incurred. The Company may hold derivative financial instruments to offset its risk exposure to fluctuations of other currencies compared to the Canadian dollar. All derivative financial instruments not designated in a hedge relationship are classified as financial instruments at fair value through profit and loss. The fair value of derivative financial instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument. The net fair value of outstanding forward foreign exchange contracts are included as part of the accounts designated “other accounts receivable” or “accounts payable and accrued liabilities” as appropriate. Any subsequent change in the fair value of non-hedge designated outstanding forward foreign exchange contracts are accounted for in finance income or finance cost in profit or loss for the period in which it arises. The foreign currency gains and losses on these contracts are recognized in the period in which they are generated and offset the exchange losses or gains recognized on the revaluation of the foreign currency net monetary assets. Cash flows from foreign exchange contract settlements are classified as cash flows from operating activities along with the corresponding cash flows from the monetary assets being economically hedged.

(v) Derivative financial instruments designated in a hedging relationship measured at fair value

The Company uses derivative financial instruments to hedge its exposure to exchange rate fluctuations on highly probable future foreign currency denominated revenue.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivative hedging instruments to forecasted transactions. Hedge effectiveness is assessed based on the degree to which the cash flows from the derivative contracts are expected to offset the cash flows of the underlying transaction being hedged.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value is recognized in accumulated other comprehensive income. The amounts in accumulated other comprehensive income

are classified to profit when the underlying hedged transaction, identified at contract inception, affects profit or loss. Any ineffective portion of a hedge relationship is recognized immediately in profit. Ineffectiveness is mainly caused by the differences in discount rates between the actual derivative instrument and the perfectively effective hypothetical derivative.

When derivative contracts designated as cash flow hedges are terminated, expired, sold or no longer qualify for hedge accounting, hedge accounting is discontinued prospectively. Any amounts recorded in accumulated other comprehensive income up until the time the contracts do not qualify for hedge accounting remain in accumulated other comprehensive income until the hedged future cash flows occur if they are still expected to occur. However, if the amount in accumulated other comprehensive income is a loss and the Company expects that all or a portion of that loss will not be recovered in future periods, then it shall immediately reclassify the amount that is not expected to be recovered into profit. Additionally, if the hedged future cash flows are no longer expected to occur, then the amount in accumulated other comprehensive income shall be immediately reclassified to profit. Amounts recognized in accumulated other comprehensive income are recognized in profit in the period in which the underlying hedged transaction is completed. Gains or losses arising subsequent to the derivative contracts not qualifying for hedge accounting are recognized in the period incurred.

(vi) Fair value of financial instruments

The Company must classify the fair value measurements of financial instruments according to a three-level hierarchy, based on the type of inputs used in making these measurements. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

(vii) Impairment of financial assets

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(viii) Cash and cash equivalents

Cash and cash equivalents consist primarily of unrestricted cash and short-term investments having an initial maturity of three months or less.

(e) Property and equipment:

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within profit or loss.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The Company provides for depreciation of property and equipment commencing once the related assets have been put into service. Depreciation is recognized in profit or loss on a straight-line basis since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The Company uses the following methods and periods to calculate depreciation:

	Method	Period
Computer and exhibition equipment	Straight-line	2 to 5 years
Furniture and fixtures	Straight-line	10 years
Leasehold improvements	Straight-line	Lower of term of lease or economic life

Depreciation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

(f) Intangible assets:

(i) Goodwill:

Goodwill is measured at cost less accumulated impairment loss.

(ii) Research and development costs:

Costs related to research are expensed as incurred.

Development costs of new software products for sale, net of government assistance, are capitalized as deferred development costs if they can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the product. Otherwise, development costs are expensed as incurred. Expenditures capitalized include the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets.

Deferred development costs are depreciated, commencing when the product is available for general release and sale, over the estimated product life of five years using the straight-line method.

Subsequent to initial measurement, deferred development costs are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Other intangible assets:

Other intangible assets consist of technology, customer relationships, and software and are carried at cost less accumulated depreciation and accumulated impairment losses. All intangible assets have finite useful lives and are therefore subject to depreciation.

Depreciation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. The Company provides for depreciation of the technology, customer relationships and software on a straight-line method over their estimated useful lives of five years, ten years, and five years, respectively. Depreciation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

(g) Impairment of non-financial assets:

The Company reviews the carrying value of its non-financial assets, which include property and equipment, technology, customer relationships, software, and deferred development costs at each reporting date to determine whether events or changed circumstances indicate that the carrying value may not be recoverable. For goodwill, the recoverability is estimated annually, on April 30 or more often when there are indicators of impairment.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit, or CGU”). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying value of a non-financial asset exceeds the recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(h) Government assistance:

Government assistance consists of scientific research and experimental development ("SRED") tax credits and refundable e-business tax credits. SRED and other tax credits are accounted for as a reduction of the related expenditures and recorded when there is reasonable assurance that the Company has complied with the terms and conditions of the approved government program.

The refundable portion of tax credits is recorded in the period in which the related expenditures are incurred. The non-refundable portion of tax credits is recorded in the period in which the related expenditures are incurred or in a subsequent period to the extent that their future realization is determined to be probable, provided the Company has reasonable assurance the credits will be received and the Company will comply with the conditions associated with the award.

SRED and other tax credits claimed for the current and prior years are subject to government review which could result in adjustments to profit or loss.

(i) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

(j) Leases:

All of the Company's leases are operating leases. The leased assets are not recognized in the Company's consolidated statements of financial position since the Company does not assume substantially all risks and rewards of ownership of the leased assets. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the leases.

Lease incentives are recognized as an integral part of the total lease expense, over the term of the leases. The deferred portion of the lease expense is included in accounts payable and accrued liabilities and other non-current liabilities.

(k) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Revenue recognition:

The Company derives its revenues under non-cancellable license agreements from the sale of proprietary software licenses, third-party software, support, and hardware and provides software-related services including training, installation, consulting and maintenance, which include product support services and periodic updates. Software licenses sold by the Company are generally perpetual in nature and the arrangements generally comprise various services.

Revenues generated by the Company include the following:

(i) License fees and hardware products:

Revenues from perpetual licenses sold separately are recognized when a non-cancellable agreement has been signed, the product has been delivered, there are no uncertainties surrounding product acceptance, the fees are fixed or determinable and the amount of revenue and costs can be measured reliably, and collection is considered probable such that economic benefits associated with the transaction will flow to the Company. Delivery generally occurs at the point where title and risk of loss have passed to the customer and the Company no longer retains continuing managerial involvement or effective control over the products sold. However, some arrangements require evidence of customer acceptance of the hardware and software products that have been sold. In such cases, delivery of the hardware, software and services is not considered to have occurred until evidence of acceptance is received from the customer or the Company has completed its contractual obligations.

Certain of the Company's license agreements require the customer to renew its annual support agreement in order to maintain its right to continue to use the software. In such cases, the perpetual license is effectively transformed into a renewable annual license. Where an upfront fee is not considered to represent a significant and incremental premium over subsequent year renewal fees, the license fee is recognized ratably over the initial contractual support period, which is generally one year. An upfront license fee representing a significant and incremental premium over subsequent year renewal fees is deferred and recognized as revenue over the period in which support is expected to be provided, which is generally considered to be the estimated useful life of the software license. For long-term contracts where services are considered to be essential to the functionality of the software, fees from licenses and services are aggregated and recognized as revenue as the related services are performed using the percentage-of-completion method.

The percentage of completion is generally determined based on the number of hours incurred to date in relation to the total expected hours of services. The cumulative impact of any revision in estimates of the percentage completed is reflected in the period in which the changes become known. Losses on contracts in progress are recognized when known. Work in progress is established for revenue based on the percentage completed in excess of progress billings as of the reporting date. Any excess of progress billings over revenue based on the percentage completed is deferred and included in deferred revenue. Generally, the terms of long-term contracts provide for progress billings based on completion of certain phases of work. Where acceptance criteria are tied to specific milestones, and the delivery performance of any undelivered product or service is uncertain and not substantially within the Company's control, then the percentage of completion up to those milestones is recognized upon acceptance.

(ii) Support agreements:

Support agreements for proprietary software licences generally call for the Company to provide technical support and unspecified software updates to customers. Proprietary licenses support revenues for technical support and unspecified software update rights are recognized ratably over the term of the support agreement.

Third-party support revenues related to third-party software and the related cost are generally recognized upon the delivery of the third-party products as the support fee is included with the initial licensing fee, the support included with the initial license is for one year or less, and the estimated cost of providing support during the arrangement is insignificant. In addition, unspecified upgrades for third-party support agreements historically have been and are expected to continue to be minimal and infrequent.

(iii) Consulting and training services:

The Company provides consulting and training services to its customers. Revenues from such services are recognized as the services are performed.

(iv) Reimbursable expenses:

The Company records revenue and the associated cost of revenue on a gross basis in its statements of comprehensive income for reimbursable expenses such as airfare, hotel lodging, meals, automobile rental and other charges related to providing services to its customers.

(v) Multiple-element arrangements:

Some of the Company's sales involve multiple-element arrangements that include product (software and/or hardware), maintenance and various professional services. The Company evaluates each deliverable in an arrangement to determine whether such deliverable would represent a separate component. Most of the Company's products and services qualify as separate components and revenue is recognized when the applicable revenue recognition criteria, as described above, are met.

In multiple-element arrangements, the Company separately accounts for each product or service according to the methods described when the following conditions are met:

- the delivered product or service has value to the customer on a stand-alone basis;
- there is objective and reliable evidence of fair value of any undelivered product or service;
- if the sale includes a general right of return relating to a delivered product or service, the delivery performance of any undelivered product or service is probable and substantially in the Company's control.

If there is objective and reliable evidence of fair value for all products and services in a sale, the total price of the arrangements is allocated to each product and service based on relative fair value. Otherwise, the Company first allocates a portion of the total price to any undelivered products and services based on their fair value and the remainder to the products and services that have been delivered.

(m) Employee benefits:

The Company maintains employee benefit programs which provide retirement savings, medical, dental and group insurance benefits for current employees. The Company's expense is limited to the employer's match of employees' contributions to a retirement savings plan, and to the employer's share of monthly premiums for insurance covering other benefits. The Company has no legal or constructive obligation to pay further amounts. An employee's entitlement to all benefits ceases upon termination of employment with the Company.

(i) Short-term employee benefits:

Short-term employee benefits include wages, salaries, compensated absences, medical, dental and insurance benefits, profit-sharing and bonuses. Short-term employee benefits are measured on an undiscounted basis and are recognized in profit or loss as the related service is provided or capitalized if the related service is rendered in connection with creation of property and equipment or intangible assets.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans:

Post-employment benefits include defined contribution plans under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when earned by the employee. The Company's defined contribution plans comprise the Quebec and Canada Pension Plans, the U.S. 401(k) plan, and registered retirement savings plans.

(iii) Termination benefits:

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan or through a contractual agreement, to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(n) Finance income and finance costs:

Finance income comprises interest income on funds invested and gains in the fair value of financial assets held at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on financial liabilities measured at amortized cost, losses in fair value of financial assets and liabilities recognized at fair value through profit or loss, unwinding of the discount related to provisions, and any losses on sale of financial assets. Borrowing costs that are not directly attributable to the acquisition or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as finance income or finance costs.

The net change in the fair value of foreign exchange contracts not designated in a hedging relationship, the net change in the fair value of outstanding foreign exchange contracts designated in a hedging relationship after the hedged transaction has occurred, and the employee share options liability are reported as finance income or finance costs, as appropriate.

(o) Share-based payment transactions:

Effective May 1, 2011, the Company has discontinued the practice of granting share options.

Share-based payment transactions were accounted for using the fair value based method to account for share options granted to employees. Under the fair value based method, compensation cost was measured at fair value at the date of grant and was expensed over the award's vesting period with a corresponding credit to contributed surplus. The share options were accounted for using graded vesting, whereby the fair value of each tranche was recognized over its respective vesting period. Forfeitures were estimated upfront. The amount recognized as an expense was adjusted to reflect the number of awards for which the related service vesting conditions were expected to be met, such that the amount ultimately recognized as an expense was based on the number of awards that met the related service conditions at the vesting date.

Upon the exercise of the options, any consideration received from plan participants was credited to share capital and the share-based compensation originally credited to contributed surplus was reclassified to share capital.

On September 8, 2011, the Company passed a resolution to vest all outstanding unvested share options and to allow share option holders the privilege to cash settle their share options at their option, no longer subject to the Company's approval. The outstanding options continue to be governed by the share option plan.

The Company's decision to grant the share option holders the privilege to cash settle their share options, at their option, effectively transformed the share options into compound financial instruments. As such, on September 8, 2011, the Company reclassified $319,000 from contributed surplus to accounts payable and accrued liabilities, representing the fair value of 540,941 share options outstanding at that time. The fair value of the outstanding share options was determined based on the Company closing share price on September 8, 2011 which was $2.20.

Share options exercised for purchasing shares rather than cash settlement will result in the reclassification of the fair value of the share options, at the time of exercise, to share capital.

The Company revalues the share options liability at each reporting date and any change in the liability is reflected as finance income or finance costs in the consolidated statements of income and comprehensive income, as appropriate.

(p) Earnings per share:

Basic earnings per share is calculated using the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated based on the weighted average number of common shares outstanding during the period plus the effects of dilutive potential common shares outstanding during the period. This method requires that the dilutive effect of outstanding options be calculated as if all dilutive options had been exercised at the later of the beginning of the reporting period or date of issuance, and that the funds obtained thereby be used to purchase common shares of the Company at the average trading price of the common shares during the period.

(q) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

(r) Segment reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating segment's operating results are reviewed regularly by the Company's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

5. New accounting standards and interpretations issued but not yet adopted:

A number of new standards, interpretations and amendments to existing standards were issued by the IASB or IFRS IC that are mandatory but not yet effective for the year ended April 30, 2015, and have not been applied in preparing these consolidated financial statements. None are expected to have an impact on the consolidated financial statements of the Company except for the following:

IFRS 9, *Financial Instruments* ("IFRS 9"):

In July 2014, the IASB issued the complete version of IFRS 9 (2014), *Financial Instruments*. IFRS 9 (2014) differs in some regards from IFRS 9 (2013) which the Company early adopted effective May 1, 2014. IFRS 9 (2014) includes updated guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new expected credit loss model for calculating impairment, and new general hedge accounting requirements. The final version of IFRS 9 supersedes all previous versions of IFRS 9 and is effective for annual periods beginning on or after January 1, 2018 and must be applied retroactively with some exemptions. Early adoption is permitted, however an entity may elect to apply earlier versions of IFRS 9 if the entity's relevant date of initial application is before February 1, 2015. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"):

In May 2014, the IASB issued IFRS 15 which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers.

IFRS 15 supersedes the following standards: IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Service*.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Company is currently assessing the impact of the adoption of this standard on its consolidated financial statements.

6. Business combination:

Effective May 31, 2014, the Company acquired 100% of the issued and outstanding shares of LOGI D HOLDING INC. ("Logi - D"), a leading provider of point-of-use technology for supply chain automation servicing hospitals and healthcare organizations as well as the pioneering inventor behind the internationally recognized RFID-enabled two-bin replenishment concept known under the 2BIN-iD brand. This acquisition brings two technology-based companies together with complementary product lines, and extends the Company's footprint in the healthcare supply chain space, a key targeted vertical market for TECSYS. The results of its operations have been included in these consolidated financial statements commencing June 1, 2014.

The total purchase price of CA$3,050,000, consisted of $2,950,000 in cash and was subject to adjustment, and $100,000 in common shares of TECSYS. The acquisition closed on May 31, 2014 and payment for the cash component was funded from existing cash balances.

The potential adjustment to the purchase price was to be based on the shareholders' equity of the audited balance sheet of Logi - D as at May 31, 2014, subject to certain principles agreed to in the share purchase agreement. If the shareholders' equity was less than the shareholders' equity in the February 28, 2014 balance sheet, then the purchase price would have been reduced by such deficiency on a dollar for dollar basis. Additionally, if on the ninetieth (90th) day following the closing date, any accounts receivable remained uncollected, then the purchase price would have been reduced by the amount of such uncollected receivables. The Company would have paid any uncollected receivables that were ultimately collected between the ninety-first (91st) day and one

year following the closing date back to the former preferred shareholders of Logi - D. On August 29, 2014, TECSYS advised the former shareholders of Logi - D that there would be no purchase price adjustment as defined in the share purchase agreement.

This business combination was accounted for using the acquisition method of accounting in accordance with IFRS 3, *Business Combinations* and resulted in goodwill of $1,357,000, based on the following allocation of the purchase price to identifiable assets acquired and liabilities assumed based on management's best estimate of their fair values taking into account all relevant information. Acquisition costs of approximately $160,000 have been expensed and are classified under general and administration expenses.

The goodwill comprises the assembled workforce and the synergy expected from the market penetration within the healthcare sector. As Logi - D's product line addresses a niche in the healthcare market and complements the Company's existing product line, this business acquisition is expected to give rise to new business opportunities from existing customers of both entities as well as new customers resulting in revenue growth. Additionally, the sales growth of the Logi - D product line may be enhanced as a result of the offer coming from a far larger and financially credible entity capable of offering complete supply chain solutions. Lastly, the Company expects certain cost synergies and efficiencies as the services employees will be cross-trained to serve healthcare clients originating from either entity, as well as the cost synergies and efficiencies from the amalgamation of various general and administrative functions.

The following table presents the estimated fair value of the assets purchased and liabilities assumed at the date of acquisition.

Assets Acquired		
Accounts receivable	$	1,120
Work in progress		96
Tax credits		210
Inventory		468
Prepaid expenses and other receivables		47
Property and equipment		157
Other intangible assets		41
Identified intangible assets:		
Technology assets		827
Customer assets		868
Deferred tax assets		456
		4,290
Liabilities Assumed		
Bank indebtedness	$	140
Accounts payable and accrued liabilities		1,162
Current portion of long-term debt		93
Deferred revenue		537
Long-term debt		210
Deferred tax liability		456
		2,598
Net Assets Acquired		1,692
Goodwill		1,357
Purchase Price, net of cash and cash equivalents acquired	**$**	**3,049**
Issuance of common shares		**(100)**
Cash paid, net of cash and cash equivalents acquired	**$**	**2,949**

Goodwill recorded in connection with the transaction is not deductible for tax purposes.

On May 31, 2014, the acquired receivables comprise accounts receivable, tax credits receivable and other receivables of $1,120,000, $210,000, and $25,000, respectively, representing the gross contractual amount receivable and the fair value of each. There were no allowances for doubtful accounts receivable.

As at May 31, 2014, Logi - D had income tax losses of approximately $7,032,000 for federal income tax purposes and $6,979,000 for provincial income tax purposes in Canada and US$806,000 in the United States, which may be used to reduce future years' taxable income. These losses expire from the year 2031 through 2034.

Additionally, as at May 31, 2014, Logi - D had undeducted scientific research and experimental development expenses of $226,000 for federal income tax purposes and $871,000 for provincial income tax purposes without time expiration limitations. The tax benefits resulting from these expenses have not been recognized in these consolidated financial statements.

The results of Logi - D's operations have been included in the Company's results of operations commencing June 1, 2014. Logi - D contributed $5,674,000 in revenue and a $68,000 loss for the eleven months ended April 30, 2015. The loss excludes $160,000 of acquisition costs and $232,000 of amortization of acquisition-related identified intangible assets.

If Logi - D's operations would have commenced at the start of the Company's fiscal year, May 1, 2014, then on a pro forma basis the Company's revenue for the year ended April 30, 2015 would have been $57,737,000, $453,000 higher and profit would have been $1,539,000, $24,000 higher. The pro forma profit excludes $160,000 of acquisition related costs incurred by the Company primarily in the first quarter and $83,000 of legal and financial expenses incurred by Logi-D in the month of May 2014 related to the sale, both of which normally precede the acquisition.

7. Cash and cash equivalents:

Cash and cash equivalents, including restricted cash equivalents, comprise the following:

		2015		2014
Bank balances	$	2,799	$	4,275
Short-term investments with initial maturities of three months or less		8,016		4,644
Cash and cash equivalents, including restricted cash equivalents	$	10,815	$	8,919
Presented as:				
Current				
Cash and cash equivalents	$	10,815	$	8,839
Non-current				
Restricted cash equivalents	$	-	$	80

On April 30, 2015, short-term investments with maturities of three months or less bear interest at rates from 0.45% to 0.95% (April 30, 2014 – 0.65% to 1.22%) and mature on various dates to May 20, 2015.

Throughout fiscal 2015, the Company was obligated to provide a short-term investment of $40,000 (fiscal 2014 – $80,000), earning interest income at 0.45%, as security for an outstanding letter of guarantee in favour of one of the Company's landlords. The letter of guarantee was renewed through the first five years of the lease term which commenced in April 2010. The letter of guarantee expired on April 30, 2015.

8. Government assistance:

The Company is eligible to receive scientific research and experimental development ("SRED") tax credits granted by the Canadian federal government ("Federal") and the governments of the provinces of Quebec and Ontario ("Provincial"). On June 4, 2014, the Quebec government announced a 20% reduction in the rate of the Quebec provincial scientific and experimental development tax credit, effective June 5, 2014.

Federal SRED tax credits, which are non-refundable, are earned on qualified Canadian SRED expenditures and can only be used to offset Federal income taxes otherwise payable. Provincial SRED tax credits, which are refundable, are earned on qualified SRED salaries in the provinces of Quebec and Ontario.

A refundable tax credit for the development of e-business information technologies was introduced in Quebec in 2008. This tax credit is granted to eligible corporations on salaries paid to eligible employees carrying out eligible activities. The credits are earned at an annual rate of 30% of salaries paid to eligible employees engaged in eligible activities, to a maximum annual tax credit of $20,000 per eligible employee. On June 4, 2014, the Quebec government announced a reduction in the rate of this tax credit from 30% to 24% of salaries paid to eligible employees, effective June 5, 2014, while maintaining the maximum annual tax credit at $20,000 per eligible employee. The Company must obtain an eligibility certificate each year confirming that it has satisfied the criteria relating to the proportion of the activities in the information technology sector and for the services supplied.

	SRED Canadian Federal non-refundable tax credits	SRED Canadian Provincial refundable tax credits	E-business tax credits	Total
Balance, April 30, 2013	$ 1,478	$ 264	$ 4,152	$ 5,894
Tax credits received	(195)	(259)	(4,173)	(4,627)
Adjustments to prior year's credits	-	(5)	21	16
Recognition of tax credits	300	175	2,296	2,771
Balance, April 30, 2014	$ 1,583	$ 175	$ 2,296	$ 4,054
Tax credits acquired	-	210	-	210
Tax credits received	(300)	(121)	-	(421)
Adjustments to prior year's credits	-	47	97	144
Recognition of tax credits	500	274	2,146	2,920
Balance, April 30, 2015	$ 1,783	$ 585	$ 4,539	$ 6,907
Presented as:				
Current				
Tax credits	$ 245	$ 585	$ 4,539	$ 5,369
Non-current				
Tax credits	$ 1,538	$ -	$ -	$ 1,538

The amounts recorded as receivable are subject to a government tax audit and the final amounts received may differ from those recorded. There are no unfulfilled conditions or contingencies associated with the government assistance received.

At April 30, 2015, the Company has non-refundable research and development tax credits totalling approximately $6,831,000 (April 30, 2014 – $6,972,000) for Canadian income tax purposes which may be used to reduce taxes payable in future years. These Federal non-refundable tax credits may be claimed no later than fiscal years ending April 30:

	Federal non-refundable tax credits
2019	$ 232
2020	1,172
2021	1,635
2022	1,139
2023	999
2024	160
2025	204
2026	173
2027	143
2028	165
2029	154
2030	86
2031	96
2032	86
2033	97
2034	129
2035	161
	$ 6,831

Management believes that it is probable that the Company will claim available non-refundable research and development tax credits in future years to reduce Canadian Federal income taxes otherwise payable of at least $1,783,000.

Tax credits recognized in profit and loss for the years are outlined below:

	2015	2014
Federal non-refundable research and development tax credits:		
Future years	$ 500	$ 300
Provincial refundable research and development tax credits	274	175
E-business tax credits for research and development employees	761	853
Other and adjustments to prior year's credits	47	16
Total research and development tax credits	1,582	1,344
E-business tax credits for other employees	1,482	1,443
Tax credits recognized in the year	$ 3,064	$ 2,787

9. Inventory:

	2015	2014
Finished goods	$ 818	$ 136
Third-party software licenses for resale	241	157
	$ 1,059	$ 293

In fiscal 2015, finished goods and third-party software licenses for resale recognized as cost of revenue amounted to $4,910,000 (2014 – $3,616,000).

During fiscal 2015, the Company wrote-down the carrying amount of finished goods and third-party software licenses for resale inventory for obsolescence charging the cost of revenue for products for $8,000 (2014 – $221,000).

10. Property and equipment:

	Computer and exhibition equipment	Furniture and fixtures	Leasehold improvements	Total
Cost				
Balance at April 30, 2013	$ 6,602	$ 1,228	$ 1,614	$ 9,444
Additions	427	-	-	427
Balance at April 30, 2014	$ 7,029	$ 1,228	$ 1,614	$ 9,871
Logi - D acquisition	81	70	6	157
Additions	385	39	61	485
Balance at April 30, 2015	$ 7,495	$ 1,337	$ 1,681	$ 10,513
Accumulated depreciation				
Balance at April 30, 2013	$ 5,697	$ 486	$ 333	$ 6,516
Depreciation for the year	467	98	163	728
Balance at April 30, 2014	$ 6,164	$ 584	$ 496	$ 7,244
Depreciation for the year	469	106	168	743
Balance at April 30, 2015	$ 6,633	$ 690	$ 664	$ 7,987
Carrying amounts				
At April 30, 2014	$ 865	$ 644	$ 1,118	$ 2,627
At April 30, 2015	$ 862	$ 647	$ 1,017	$ 2,526

At April 30, 2015, all present and future moveable assets, including property and equipment, are subject to a first-ranking general hypothec of $2,350,000 (April 30, 2014 – $2,375,000) and a second-ranking general hypothec of $12,000,000 (April 30, 2014 – $10,000,000) to secure banking facilities (note 12).

11. Goodwill, deferred development costs, and other intangible assets:

	Goodwill	Deferred development costs	Other Intangible assets: Software	Technology	Customer relationships	Other intangible assets	Total of other intangible assets
Cost							
Balance at April 30, 2013	$ 2,239	$ 6,332	$ 3,353	$ 1,613	$ 1,732	$ 167	$ 6,865
Additions	-	1,816	134	-	-	-	134
Balance at April 30, 2014	$ 2,239	$ 8,148	$ 3,487	$ 1,613	$ 1,732	$ 167	$ 6,999
Logi - D aquisition	1,357	-	19	827	868	22	1,736
Additions	-	1,551	364	-	-	10	374
Balance at April 30, 2015	$ 3,596	$ 9,699	$ 3,870	$ 2,440	$ 2,600	$ 199	$ 9,109
Accumulated depreciation							
Balance at April 30, 2013	$ -	$ 3,015	$ 2,809	$ 1,613	$ 1,732	$ 167	$ 6,321
Depreciation for the year	-	1,045	170	-	-	-	170
Balance at April 30, 2014	$ -	$ 4,060	$ 2,979	$ 1,613	$ 1,732	$ 167	$ 6,491
Depreciation for the year	-	1,291	192	152	79	11	434
Balance at April 30, 2015	$ -	$ 5,351	$ 3,171	$ 1,765	$ 1,811	$ 178	$ 6,925
Carrying amounts							
At April 30, 2014	$ 2,239	$ 4,088	$ 508	$ -	$ -	$ -	$ 508
At April 30, 2015	$ 3,596	$ 4,348	$ 699	$ 675	$ 789	$ 21	$ 2,184

Depreciation for deferred development costs is recognized in research and development, net of tax credits within the consolidated statements of income and comprehensive income.

The identified acquired intangible assets regarding the Logi - D acquisition comprising the technology assets and customer assets and are being amortized over five and ten years, respectively, within research and development, net of tax credits and products' cost of revenue, respectively. The other intangible assets comprising patents are being amortized in general and administration over five years.

Certain technology, customer relationships, and other intangible assets preceding the Logi - D acquisition are fully depreciated but still property of the Company.

The following table reflects the depreciation recognized for the various intangible assets within the various functions for the years ended April 30, 2015 and 2014.

	2015					2014	
	Deferred development costs	Software	Technology	Customer relationships	Other intangible assets	Deferred development costs	Software
Cost of revenue: Products	$ -	$ -	$ -	$ 79	$ -	$ -	$ -
Cost of revenue: Services	-	120	-	-	-	-	108
Sales and marketing	-	22	-	-	-	-	15
General and administration	-	17	-	-	11	-	16
Research and development	1,291	33	152	-	-	1,045	31
	$ 1,291	$ 192	$ 152	$ 79	$ 11	$ 1,045	$ 170

Impairment testing for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the cash-generating units ("CGUs") which represent the lowest level within the Company for which there are separately identifiable cash inflows. The Company determined that only one consolidated CGU existed as at April 30, 2015.

The Company performs its goodwill impairment assessment on an annual basis or more frequently if there are any indications that impairment may have arisen. The recoverable amount of the Company's CGU was based on its value in use which was determined by discounting the future cash flows generated from the continuing use of the unit. The carrying amount of the unit was determined to be lower than its recoverable amount and no impairment loss was recognized on April 30, 2015 and 2014.

The calculation of the value in use was based on the following key assumptions:

Cash flows were projected based on past experience, actual operating results, and the annual business plan approved by the Board of Directors prepared for the forthcoming year at the end of both fiscal 2015 and 2014. Cash flows for an additional four-year period and a terminal value were extrapolated using a constant growth rate of 5% (April 30, 2014 - 5%), which does not exceed the long-term average growth rate for the industry.

A pre-tax discount rate of 12% (April 30, 2014 – 12%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Company's past experience, and the consideration of the risk free rate plus the risk associated with further possible variations in the amount or timing of the cash flows, the price for uncertainty inherent in the combination of assets comprising the consolidated entity, and other factors, such as illiquidity, that would normally be considered in valuing the cash flows from the assets and are specific to the consolidated entity.

The values assigned to the key assumptions represent management's assessment of future trends in the software industry and are based on both external and internal sources.

12. Banking facilities:

In April 2015, the Company renewed its banking agreement which includes an operating line of credit of $5,000,000, a term loan of $5,000,000 from October 2012, and a new term loan for $2,000,000. The components of the banking facilities are as follows.

Facility A

The banking facility permits the issuance of letters of guarantee of up to a maximum amount of $1,500,000. On April 30, 2015, $40,000 of this facility expired regarding a letter of guarantee in favour of one of the Company's landlords. This letter of guarantee was renewed annually through the first five years as per the term of the lease which commenced in April 2010.

Facility B

This facility provides a global net risk line for treasury derivative products up to an aggregate maximum of $2,250,000 (April 30, 2014 – $1,250,000). The net risk line may be used to conclude foreign exchange transactions regarding the sale or purchase of foreign currencies for a term not exceeding one year and for a maximum amount of $2,000,000 (April 30, 2014 – $1,000,000) and for derivative transactions regarding interest rate swaps for a maximum term of five years and for a maximum amount of $250,000. The amount of risk of each transaction shall be determined by the Bank in accordance with the applicable level of risk per the schedule in effect at the Bank, which will determine the maximum amount of currency that may be sold or purchased under the facility.

Facility C

The banking agreement also includes a credit facility up to $100,000 to be used by way of cash advances on credit cards issued by the Bank.

Security for facility B and C consists of a first-ranking movable hypothec of $2,350,000 on all of the Company's corporeal and incorporeal, present and future movable property and an insurance rider designating the Bank as beneficiary of the proceeds of insurance covering the property given as security up to the full replacement value thereof.

Facility D

Under the terms of the renewed April 2015 banking agreement the Company has access to an operating line of credit up to an amount not exceeding $5,000,000, in Canadian dollars or the equivalent thereof in U.S. dollars, to be used to finance the day-to-day operations of the Company. Floating-rate advances shall bear interest at the Canadian prime rate of the Bank per annum and advances in U.S. dollars shall bear interest at the U.S. base rate at the Bank per annum. Floating rate advances are repayable on demand but subject to a reasonable prior written notice by the Bank and the Company may repay, at any time, all or part of its floating rate advances without penalty. The aggregate amount of advances under this facility is limited by the application of various rates ranging from 50% to 90% on the Company's accounts receivable and tax credits receivable. The Company did not have any amounts drawn on this operating line of credit as at April 30, 2014 and 2015.

Facility E

In October 2012, the Company received a floating-rate term loan of $5,000,000 having an initial term of five years. This term loan bears interest at the Bank's Canadian prime rate plus an additional margin varying between 0.75% to 2.00%. The additional margin interest rate is established and adjusted by the Bank, on the last day of each fiscal quarter on the basis of the ratio of interest bearing debt to EBITDA (earnings before interest, taxes, depreciation, and amortization) in effect on the last day of such quarter and applicable for the next quarter. The current interest rate in effect, including the additional margin, is 3.75% per annum. The effective interest rate was 3.75% and 3.85% for fiscal 2015 and 2014, respectively. The principal of this loan is repaid in equal and consecutive monthly installments over a period of five years. At April 30, 2015, the Company repaid $2,500,000 of the term loan. Additionally, as long as the term loan remains on a floating-rate basis the Company may repay all or part of its floating-rate term loan at any time, without penalty, provided that the repayment is made from cash flow from operations or from proceeds of an issue of capital stock. The Company has options to convert its floating-rate term loan to a fixed-rate term loan or to discounted banker's acceptances subject to certain terms and conditions.

Security for facility D and E is a movable hypothec of $10,000,000 on all of the Company's corporeal and incorporeal, present and future movable property and an insurance rider designating the Bank as beneficiary of the proceeds of insurance covering the property given as security up to the full replacement value thereof. The only senior ranking hypothec permitted is the first-ranking hypothec granted to the Bank.

Facility F

In April 2015, the Company received a floating-rate term loan of $2,000,000 having an initial term of five years.

Similar to the term loan described in facility E, this term loan bears interest at the Bank's Canadian prime rate plus an additional margin varying between 0.75% to 2.00%. The additional margin interest rate is established and adjusted by the Bank, on the last day of each fiscal quarter on the basis of the ratio of interest bearing debt to EBITDA in effect on the last day of such quarter and applicable for the next quarter. The current interest rate in effect, including the additional margin, is 3.75% per annum. The principal of this loan is to be repaid in equal and consecutive monthly installments over a period of five years. At April 30, 2015, the full amount of the term loan remains outstanding. Additionally, as long as the term loan remains on a floating-rate basis the Company may repay all or part of its floating-rate term loan at any time, without penalty, provided that the repayment is made

from cash flow from operations or from proceeds of an issue of capital stock. The Company has options to convert its floating-rate term loan to a fixed-rate term loan subject to certain terms and conditions.

Security for facility F is a movable hypothec of $2,000,000 on all of the Company's corporeal and incorporeal, present and future movable property, regardless of its location.

The banking agreement requires the Company to maintain a working capital ratio equal or greater than 1.1 : 1.0, a shareholder's equity equal or greater than $5,000,000, a ratio of interest-bearing debt to EBITDA of less than or equal to 3.0 : 1.0, and a debt service coverage ratio greater than or equal to 1.2 : 1.0. At April 30, 2015 and April 30, 2014, the Company was in compliance with the required financial covenants in effect at that time.

13. Accounts payable and accrued liabilities:

		2015		2014
Trade payables	$	2,495	$	848
Accrued liabilities and other payables		2,133		1,428
Salaries and benefits due to key management		960		721
Employee salaries and benefits payable		3,223		2,579
Fair value of derivatives in a loss position		310		124
Fair value liability for share options (note 15)		7		25
	$	9,128	$	5,725
Presented as:				
Current				
Accounts payable and accrued liabilities	$	8,817	$	5,426
Non-current				
Other non-current liabilities	$	311	$	299

14. Bank loans and long-term debt:

		2015		2014
Bank loans, bearing interest at rates ranging from prime plus 1.5% to 2.0%, secured by a hypothec on movable properties, payable over various installments, maturing in May 2017	$	25	$	-
Government funded debt, with no interest or security, payable over various installments, maturing in May 2021		264		-
Floating-rate term loan issued in October 2012, bearing interest at prime rate plus 0.75% secured by hypothec on movable property, payable by monthly principal payments of $83,333, maturing in October 2017 (note 12)		2,500		3,500
Floating-rate term loan issued in April 2015, bearing interest at prime rate plus 0.75% secured by hypothec on movable property, payable by monthly principal payments of $33,333, maturing in April 2020 (note 12)		2,000		-
	$	4,789	$	3,500
Current portion		1,456		1,000
Long-term debt	$	3,333	$	2,500

15. Share capital:

(a) Authorized share capital:

Authorized - unlimited as to number and without par value

Common shares

The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

All outstanding shares issued are fully paid.

Class A preferred shares

Class A preferred shares are issuable in series, having such attributes as the Board of Directors may determine. Holders of Class A preferred shares do not carry the right to vote. No preferred shares are outstanding as at April 30, 2015 and April 30, 2014.

(b) Bought deal financing:

On April 14, 2015, the Company completed an offering of 674,157 common shares of the Company at the offering price of $8.90 per common share for aggregate gross proceeds of $5,999,997. On April 24, 2015, the underwriters exercised an over-allotment option in full to purchase an additional 101,123 common shares at the same offering price of $8.90 for additional gross proceeds of $899,995. With the over-allotment exercised in full, the aggregate gross proceeds of the offering's 775,280 common shares is $6,899,992 (the "Offering"). The Offering was completed on a bought deal basis and was underwritten by a syndicate of underwriters led by PI Financial Corp. on its own behalf and on behalf three other underwriters.

The common shares were offered by way of a short form prospectus filed in all provinces in Canada.

Transaction costs directly associated with this issuance of shares of $804,126 have been recognized as a reduction of the proceeds, resulting in net total proceeds of $6,095,866.

(c) Normal course issuer bid:

On July 19, 2013, the Company renewed its Notice of Intention to Make a Normal Course Issuer Bid (the "Notice") with the Toronto Stock Exchange (TSX). The Notice stated the Company's intention to purchase a restricted number of common shares using a pre-determined formula on the open market at prevailing market prices, through the facilities of the TSX. The maximum number of common shares, which may have been purchased under the bid, was 572,471 or 5% of the 11,449,421 issued and outstanding common shares on July 10, 2013. The Company could have purchased common shares under the bid, at any time, and from time to time during the period of July 23, 2013 to July 22, 2014. The common shares would have been purchased for cancellation. During the years ended April 30, 2014 and 2015, the Company did not purchase any of its outstanding common shares for cancellation. The Company did not renew its Notice of Intention to Make a Normal Course Issuer Bid during fiscal 2015.

(d) Executive share purchase plan:

On July 7, 2011, the Board of Directors authorized the establishment of an executive share purchase plan (the "purchase plan") to provide for mandatory purchases of common shares by certain key executives of the Company (the "participants") in order to better align the participant's financial interests with those of the holders of common shares, create ownership focus and build long-term commitment to the Company.

Starting on May 1, 2012, each participant is required to make annual purchases of common shares through the facilities of the TSX secondary market ("annual purchases") having an aggregate purchase price equal to 10% of his or her annual base salary during the immediately preceding fiscal year (the "base salary"). Annual purchases must be made within 90 days of May 1, of every fiscal year.

Each participant has the obligation to make annual purchases until he or she owns common shares having an aggregate market value equal to at least 50% of his or her base salary (the "threshold"). If a participant reached his or her threshold and ceased making annual purchases but on any determination date for any subsequent fiscal year of the Company, i) the market value of the common shares owned by a participant falls below his or her threshold, whether as a result of a disposition of common shares or a decrease in the market value of the common shares he or she owns, such participant will be required

to make additional purchases of common shares in accordance with the plan until his or her threshold is reached, or ii) the market value of the common shares owned by a participant exceeds his or her threshold, whether as a result of an acquisition of common shares or an increase in the market value of the common shares he or she owns, such participant will be entitled to dispose of common shares having an aggregate market value equal to the amount in excess of his or her threshold.

During each fiscal year a participant is required to make an annual purchase, each participant has the right to borrow from the Company, and the Company has the obligation to loan to each participant, an amount not to exceed the annual purchase for such fiscal year for such participant (a "loan"). The loans will bear no interest and will be disbursed in one lump sum following receipt by the Company of a proof of purchase of the common shares. Each loan must be reimbursed to the Company on or before the fiscal year-end in which the loan was made in equal amounts during its term through periodic deductions at source for each of the pay periods remaining in the fiscal year. If the employment of a participant with the Company terminates for any reason whatsoever, all amounts due under any outstanding loan shall become immediately due and payable.

If a participant fails to make his or her annual purchase in full in any fiscal year, the Company may withhold half of any bonus or other incentive payment earned by the participant in that fiscal year until the participant completes the required annual purchase.

The Board of Directors may at any time amend, suspend or terminate the purchase plan upon notice to the participants.

(e) Dividend policy:

On February 26, 2008, the Company announced the approval of a dividend policy whereby a cash dividend per common share is intended to be distributed to its shareholders following the release of its financial results of the first and third quarter of each year. The declaration and payment of dividends shall be at the discretion of the Board of Directors, which will consider earnings, capital requirements, financial conditions and other such factors as the Board of Directors, in its sole discretion, deems relevant.

On July 8, 2014, the Company changed the dividend policy from a semi-annual basis to a quarterly basis. To this effect, during fiscal 2015, the Company declared quarterly dividends of $0.0225 for an aggregate of $1,038,000. During fiscal 2014, the Company declared a dividend of $0.035 and $0.04 on two separate occasions for an aggregate of $861,000.

(f) Share-based payments:

Under the share option plan, which is now closed, the maximum number of common shares, which may have been issued, was 10% of the issued and outstanding common shares at any time. The exercise price was the "market price" of the common shares in Canadian dollars at the time of granting. The market price was determined by the weighted average trading price per share traded on the TSX during the period of five trading days preceding the date of grant. The options are non-assignable and expire five years after the date of granting. Options granted under this plan generally vested over a period of four years, with 25% becoming exercisable on the first anniversary of the date of grant and an additional 6.25% becoming exercisable at the end of each three-month period thereafter. The share option holders had the option to cash settle the share options subject to the Company's approval.

On July 7, 2011, the Board of Directors closed the share option plan. No share options have been issued under the share option plan since March 3, 2011 and no additional options will be issued under the plan.

On September 8, 2011, the Company passed a resolution to vest all outstanding unvested options and to allow share option holders the privilege to cash settle their share options at their option, no longer subject to the Company's approval. The outstanding options will continue to be governed by the share option plan.

The following table summarizes the share options activity under this plan:

	Number of options		Weighted average exercise price
Balance, April 30, 2013	89,400	$	1.74
Exercised – settled for common shares generating $130,000	(75,000)		1.73
Exercised – settled for $20,000 cash	(7,000)		1.76
Forfeited	(1,500)		1.56
Balance, April 30, 2014	5,900	$	1.93
Exercised – settled for $31,000 cash	(4,900)		1.93
Balance, April 30, 2015	1,000	$	1.90
Exercisable, April 30, 2015	1,000	$	1.90

The weighted average share price during the period of five trading days preceding the date of exercise for all the share options exercised in the year ended April 30, 2015 was $8.23 (April 30, 2014 – $5.32).

The Company revalues the share options liability at each reporting date and any change in the liability is reflected as finance income or finance costs in the consolidated statements of comprehensive income, as appropriate.

On April 30, 2015, the Company reassessed the fair value of the 1,000 (April 30, 2014 – 5,900) outstanding share options at $7,000 (April 30, 2014 – $25,000). The fair value was determined based on the Company's closing share price on April 30, 2015, which was $8.81 (April 30, 2014 – $6.10). For the year ended April 30, 2015, the Company recorded $13,000 (April 30, 2014 – $167,000) as finance costs (note 20) representing the increase in the fair value of the share options. The valuation technique used to determine the fair value is based on the excess of the Company's share price over the exercise price of the share options extrapolated by the number of outstanding share options. The fair value hierarchy related to the share options is categorized as level 2. The weighted average remaining contractual life of the 1,000 options is 0.71 years.

(g) Earnings per share:

Basic earnings per share:

The calculation of basic earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding calculated as follows:

		2015		2014
Profit attributable to common shareholders	$	1,515	$	1,795
Issued common shares at the beginning of the year		11,524,421		11,449,421
Effect of share options exercised		-		24,795
Effect of shares issued in connection with acquisition of Logi-D Holdings Inc.		14,341		-
Effect of bought deal financing		33,338		-
Weighted average number of common shares outstanding (basic)		11,572,100		11,474,216
Basic earnings per share	$	0.13	$	0.16

Diluted earnings per share:

The calculation of diluted earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares. The impact of dilutive share options is not significant and therefore diluted earnings per share equals basic earnings per share for the years ended April 30, 2015 and 2014.

16. Income taxes:

(a) Income taxes comprise the following components:

	2015	2014
Current income taxes		
Current year	$ 427	$ 329
	$ 427	$ 329
Deferred income taxes		
Origination and reversal of temporary differences	$ 395	$ 560
Net change in unrecognized deductible temporary difference	(509)	(663)
	$ (114)	$ (103)
Income taxes	$ 313	$ 226

(b) The provision for income taxes varies from the expected provision at the statutory rate for the following reasons:

	2015	2014
	%	%
Combined basic federal and provincial statutory income tax rate	26.76	26.75
Net impact of previously unrecognized benefits and current year temporary differences	(25.65)	(18.23)
Permanent differences	16.03	2.69
Average effective tax rate	17.14	11.21

(c) Unrecognized net deferred tax assets

At April 30, 2015 and 2014 the unrecognized net deferred tax assets consist of the following:

	2014	Acquired with Logi-D acquisition	Benefits recognized in 2015	Benefits unrecognized in 2015	2015
Deferred tax assets					
Research and development expenses	$ 3,191	$ 172	$ (473)	$ -	$ 2,890
Net operating losses of Canadian subsidiaries (i)	-	2,358	(560)	-	1,798
Net operating losses of US subsidiary	35	-	(35)	-	-
Net operating losses of UK subsidiary (ii)	125	-	23	-	148
Property and equipment	2,893	(920)	526	-	2,499
Capital losses (iii)	234	-	-	620	854
Other	43	6	10	-	59
Unrecognized net deferred tax assets	$ 6,521	$ 1,616	$ (509)	$ 620	$ 8,248

On April 30, 2015:

i) Canadian subsidiaries had net operating losses carried forward for income tax purposes of approximately $6,644,000 which may be applied to reduce taxable income in future years.

ii) The Company's U.K. subsidiary had net operating losses carried forward for income tax purposes of approximately $705,000 (£ 379,000) (April 30, 2014 – $702,000 (£ 379,000)) which may be applied to reduce taxable income in future years, however this is unlikely.

iii) The Company and its subsidiaries have accumulated capital losses of approximately $6,384,000 (April 30, 2014 – $1,749,000) which may be applied to reduce future taxable capital gains.

These deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

(d) Recognized deferred tax assets and liabilities

At April 30, 2015 and 2014 the recognized net deferred tax assets consist of the following:

	2015	2014
Deferred tax assets		
Research and development expenses (i)	$ 1,115	$ 975
Non-capital losses (ii)	518	127
Property and equipment	1,035	828
Non-deductible reserves and accruals	59	41
Other	6	5
Deferred tax liabilities		
E-business tax credit	(338)	(161)
Deferred development costs	(1,161)	(1,093)
Intangibles	(394)	-
Other	-	(8)
Net deferred tax assets recognized	$ 840	$ 714

On April 30, 2015:

i) The Company has accumulated research and development expenses of approximately $15,105,000 (April 30, 2014 – $15,762,000) for Federal and Ontario provincial income tax purposes and $14,791,000 (April 30, 2014 – $15,080,000) for Quebec provincial income tax purposes which may be carried forward indefinitely and used to reduce taxable income in future years.

ii) The Company's U.S. subsidiary had net operating losses carried forward for Federal income tax purposes of approximately $497,000 (US $412,000) (April 30, 2014 – $647,000 (US $589,000)) which may be used to reduce Federal taxable income in future years. These losses may be claimed no later than fiscal year ending April 30, 2021.

The Company had Canadian Federal non-refundable SRED tax credits totalling approximately $6,831,000 (note 8) (April 30, 2014 – $6,972,000) which may be used only to reduce future current Federal income taxes otherwise payable. For the year ended April 30, 2015, the Company intends to claim available Federal non-refundable tax credits to reduce Canadian Federal income taxes otherwise payable of $300,000.

17. Revenue:

Services revenue is broken down as follows:

	2015	2014
Professional services	$ 20,766	$ 18,352
Maintenance	12,100	10,690
Others	1,481	1,134
	$ 34,347	$ 30,176

18. Cost of revenue:

The following table provides detail of the cost of services presented in cost of revenue:

	2015	2014
Gross expenses	$ 22,874	$ 21,080
E-business tax credits	(1,431)	(1,395)
	$ 21,443	$ 19,685

19. Personnel expenses:

	2015	2014
Salaries	$ 34,292	$ 29,018
Other short-term benefits	2,959	2,510
Payments to defined contribution plans	1,597	1,336
Termination benefits	348	70
	$ 39,196	$ 32,934

20. Finance income and finance costs:

	2015	2014
Interest expense on financial liabilities measured at amortized cost	$ 126	$ 162
Increase in fair value of share options liability (note 15)	13	167
Foreign exchange loss (gain)	1	(35)
Interest income on bank deposits and loans	(21)	(50)
Net finance costs recognized in profit or loss	$ 119	$ 244

21. Supplementary cash flow information:

	2015	2014
Non-cash and cash equivalents investing activities included in accounts payable and accrued liabilities as at April 30 are as follows:		
Acquisitions of property and equipment	$ 333	$ 283
	$ 333	$ 283

22. Contingencies and guarantees:

(a) Contingencies

Through the course of operations, the Company may be exposed to a number of lawsuits, claims and contingencies. Provisions are recognized as liabilities in instances when there are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and where such liabilities can be reliably estimated. Although it is possible that liabilities may be incurred in instances where no provision has been made, the Company has no reason to believe that the ultimate resolution of such matters will have a material impact on its financial position.

(b) Guarantees

The Company maintained a letter of guarantee in connection with the lease for its Montreal head office. The letter of guarantee was renewed annually through the first five years of the lease term which commenced in April 2010 and expired on April 30, 2015.

23. Commitments:

(a) Operating lease commitments:

The Company has an option to extend the term of its leases for the head office in Montreal, which expires October 31, 2020, and for the office in Markham, which expires July 31, 2022, for two consecutive periods of five years each from the expiration of the term.

During the year ended April 30, 2015, an expense of $2,071,000 was recognized in respect of operating leases (2014 – $1,913,000) and is included within the following expense classifications within the consolidated statements of comprehensive income.

	2015	2014
Services	$ 1,369	$ 1,258
Sales and marketing	196	157
General and administration	166	150
Research and development	340	348
	$ 2,071	$ 1,913

The minimum future rental payments expiring up to July 31, 2022, including operating expenses required under non-cancellable long-term operating leases which relate mainly to premises are as follows:

	2015
Less than 1 year	$ 2,226
Between 1 and 5 years	6,289
More than 5 years	1,691
	$ 10,206

(b) Other commitments:

Under the terms of a licensing agreement with a third party, the Company is committed to pay royalties calculated at a rate of 1.25% of revenue derived from that portion of the EliteSeries product line that utilizes the embedded third-party software, excluding reimbursable expenses and hardware sales. Revenue derived from the operations of other business units or acquired companies are exempt from these royalties. This agreement automatically renews for consecutive one-year terms.

The Company has incurred royalty fees in fiscal 2015 related to this agreement of $145,000 (US $125,000) (2014 - $174,000 (US $164,000)).

24. Related party transactions:

(a) Transactions with key management personnel :

Key management includes the Board of Directors (executive and non-executive) and members of the Executive Committee.

Key management of the Company participated in the share option plan until it was closed. Key management and their spouses control 44.7% of the issued common shares of the Company.

The compensation paid or payable to key management for employee services is as follows:

	2015	2014
Salaries	$ 4,352	$ 3,452
Other short-term benefits	275	249
Payments to defined contribution plans	96	90
	$ 4,723	$ 3,791

Under the provisions of the share purchase plan for key management, the Company provided interest-free loans to key management of $216,000 (April 30, 2014 – $206,000) to facilitate their purchase of the Company's common shares during fiscal 2015. No loans were outstanding as at April 30, 2015 and 2014.

(b) Transactions with other related parties:

The loan payable to related party comprised an unsecured subordinated loan from a person related to certain shareholders. The loan bore interest at 12.67% per annum and was payable on demand or upon the death of the lender. The Company repaid $70,000 during the year ended April 30, 2014 to fully pay off the loan.

25. Financial instruments and risk management:

Classification of financial instruments

The table below summarizes the Company's financial instruments and their classifications.

	2015			2014
	Fair value	Amortized cost	Total	
Financial assets				
Cash and cash equivalents	$ -	$ 10,815	$ 10,815	$ 8,839
Restricted cash equivalents	-	-	-	80
Accounts receivable	-	12,570	12,570	9,076
Other accounts receivable	-	218	218	46
Foreign exchange derivatives included in other accounts receivable	216	-	216	20
	$ 216	$ 23,603	$ 23,819	$ 18,061
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ 8,500	$ 8,500	$ 5,277
Fair value liability of share options included in accounts payable and accrued liabilities	7	-	7	25
Foreign exchange derivatives included in accounts payable and accrued liabilities	310	-	310	124
Long-term debt	-	4,789	4,789	3,500
	$ 317	$ 13,289	$ 13,606	$ 8,926

Fair value disclosures

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash and cash equivalents, accounts receivable, other accounts receivable, and accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments.

The fair value of the long-term debt was determined using level 2 of the fair value hierarchy, by discounting the future cash flows using interest rates which the Company could obtain for loans with similar terms, conditions, and maturity dates. There is no significant difference between the fair value and the carrying value of the term loans as at April 30, 2015 and 2014.

The fair value of derivatives consisting of foreign exchange forward contracts is measured using a generally accepted valuation technique which is the discounted value of the difference between the contract's value at maturity based on the rate set out in the contract and the contract's value at maturity based on the rate that the counterparty would use if it were to renegotiate the same contract at the measurement date under the same conditions. The fair value of derivative financial instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument.

The fair value of financial assets, financial liabilities and derivative financial instruments were measured using the Level 2 inputs in the fair value hierarchy as at April 30, 2015 and 2014.

The forward foreign exchange contracts in a hedging relationship designated as cash flow hedges qualified for hedge accounting. The forward foreign exchange contracts outstanding as at April 30, 2015 consisted primarily of contracts to reduce the exposure to fluctuations in the U.S. dollar.

For fiscal 2015, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net earnings.

Risk management

The Company is exposed to the following risks as a result of holding financial instruments: currency risk, credit risk, liquidity risk, interest rate risk, and market price risk.

Currency risk

The Company is exposed to currency risk as a certain portion of the Company's revenues and expenses are incurred in U.S. dollars resulting in U.S. dollar-denominated accounts receivable and accounts payable and accrued liabilities. In addition, certain of the Company's cash and cash equivalents are denominated in U.S. dollars. These balances are therefore subject to gains or losses due to fluctuations in that currency. The Company may enter into foreign exchange contracts in order to offset the impact of the fluctuation of the U.S. dollar regarding the revaluation of its U.S. net monetary assets and to hedge highly probable future revenue denominated in U.S. dollars. The Company uses derivative financial instruments only for risk management purposes, not for generating trading profits. As such, any change in cash flows associated with derivative instruments is expected to be offset by changes in cash flows related to the net monetary position in the foreign currency and the recognition of highly probable future U.S. denominated revenue and related accounts receivable.

Non-hedge designated derivative instruments

On April 30, 2015, the Company held two outstanding foreign exchange contracts with maturities in July 2015 to sell US$2,110,000 into Canadian dollars at a rate of CA$1.2372 to yield CA$2,610,000. On April 30, 2015 the Company recorded an unrealized exchange gain of $62,000 included in other accounts receivable representing the change in fair value of these contracts since inception and their initial measurement.

On April 30, 2014, the Company held outstanding foreign exchange contracts with various maturities to December 31, 2014 to sell US$8,900,000 into Canadian dollars at rates averaging CA$1.0875 to yield CA$9,679,000. On April 30, 2014, the Company had recorded cumulative unrealized exchange losses of $104,000 representing the change in fair value of these contracts since inception and their initial measurement. A fair value loss of $124,000 was included in accounts payable and accrued liabilities and a $20,000 fair value gain was included in other accounts receivable.

Hedge designated derivative instruments

During fiscal 2014, the Company did not have derivative financial instruments designated as hedging instruments and the Company did not practice hedge accounting.

During fiscal 2015, for the first time, the Company executed nine designated hedging transactions to sell US$21,950,000 forward via foreign exchange contracts at rates averaging CA$1.1295 to yield CA$24,792,000 to hedge highly probable future revenue denominated in U.S. dollars commencing on July 1, 2014.

On April 30, 2015, US$9,450,000 of the hedge designated foreign exchange contracts remained outstanding with various maturities to December 31, 2015 at rates averaging CA$1.1922 to yield CA$11,266,000. Of the outstanding US$9,450,000 hedge designated foreign exchange contracts, US$6,100,000 pertains to highly probable future revenue denominated in U.S. dollars expected over the next five months while US$3,350,000 relates to realized U.S. dollar denominated revenue. On April 30, 2015, the Company had recorded an overall unrealized loss of $156,000 representing the change in fair value of these outstanding contracts since inception and their initial measurement. The fair value loss of $310,000 of certain derivatives was recorded in accounts payable and accrued liabilities and a fair value gain of $154,000 on other derivatives was recorded in other accounts receivable in the consolidated statement of financial position.

	Carrying amount of the hedging instrument				
	Nominal amount of the hedging instrument	Assets	Liabilities	Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness for 2015
Cash-flow hedges:					
Foreign exchange risk:	$ 9,450 U.S.	$ 154 CA	$ 310 CA	Other accounts receivable and accounts payable and accrued liabilities	$ 156 CA

Hedging components of accumulated other comprehensive income

During fiscal 2015, the Company recorded losses of $1,526,000 representing the change in fair value of the designated hedging contracts since inception and their initial measurement. The following table represents the movement in accumulated other comprehensive income since the designation of hedging derivative instruments.

	Year Ended April 30, 2015
Accumulated other comprehensive income as at April 30, 2014	$ 0
Net loss on derivatives designated as cash flow hedges	(1,526)
Amounts reclassified from accumulated other comprehensive income to net earnings, and included in:	
Revenue	(1,088)
Exchange loss in net finance costs	(533)
Accumulated other comprehensive income	$ 95

As at April 30, 2015, all of the net income presented in accumulated other comprehensive income are expected to be classified to net earnings within the next five months.

Foreign currency exposure

The following table provides an indication of the Company's significant foreign exchange currency exposures excluding designated hedge derivatives related to fiscal 2016 highly probable future revenue as at April 30, 2015 and 2014

	2015			2014	
	US$	£	€	US$	£
Cash and cash equivalents	1,155	-	-	3,360	-
Accounts receivable	7,892	9	-	6,247	59
Other accounts receivable	100	-	-	41	-
Accounts payable and accrued liabilities	(1,500)	-	(246)	(785)	-
Derivative financial instruments – notional amount	(5,460)	-	-	(8,900)	-
	2,187	9	(246)	(37)	59

The following exchange rates applied during the years ended April 30, 2015 and 2014.

	2015		2014	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CA$ per US$	1.1503	1.2064	1.0605	1.0992
CA$ per £	1.8326	1.8574	1.7011	1.8517
CA$ per €	1.4229	1.3527	-	-

Based on the Company's foreign currency exposures noted above, varying the above foreign currency reporting date exchange rates to reflect a 5% appreciation would have had the following impact on the profit, assuming all other variables remained constant.

	2015			2014	
	US$	£	€	US$	£
Increase (decrease) in profit	132	1	(17)	(2)	5

A 5% depreciation of these currencies would have an equal but opposite effect on the profit, assuming all other variables remained constant.

Credit risk

Credit risk is the risk associated with incurring a financial loss when the other party fails to discharge an obligation.

Financial instruments which potentially subject the Company to credit risk consist principally of cash and cash equivalents, accounts receivable, and other accounts receivable, and restricted cash equivalents. The Company's cash and cash equivalents, and restricted cash equivalents consisting of guaranteed investment certificates are maintained at major financial institutions.

At April 30, 2015, there is one customer comprising more than 10% of total trade accounts receivable and work in progress. Generally there is no particular concentration of credit risk related to the accounts receivable due to the North American distribution of customers and procedures for the management of commercial risks. The Company performs ongoing credit reviews of all its customers and establishes an allowance for doubtful accounts receivable when accounts are determined to be uncollectible. Customers do not provide collateral in exchange for credit.

During fiscal 2015, the Company renewed an arrangement with a federal crown corporation and another insurer ("the insurers") wherein the insurers assume the risk of credit loss in the case of bankruptcy for up to 90% of accounts receivable for certain qualifying foreign and domestic customers. The insurance is subject to a deductible of US$50,000 for each deductible period, in respect of trade accounts receivable generated during that period, and subject to a maximum of US$1,300,000 (April 30, 2014 - US$1,300,000) for export losses and US$700,000 (April 30, 2014 - US$700,000) for domestic losses, in any policy period. The insurance policy period runs from February 1 to January 31 of each year. On April 30, 2015, accounts receivable included foreign accounts totalling US$1,497,000 and £9,000 and domestic accounts for $1,094,000 (US$907,000) that were pre-approved for coverage, subject to the above-noted maximums, under this arrangement. On April 30, 2014, accounts receivable included foreign accounts totalling US$2,460,000 and £59,000 and domestic accounts for $689,000 (US$627,000) that were pre-approved for coverage, subject to the above-noted maximums, under this arrangement.

The Company maintains an allowance for doubtful accounts at an amount estimated to be sufficient to provide adequate protection against losses resulting from collecting less than full payment on its receivables. Individual overdue accounts are reviewed and allowance adjustments are recorded when determined necessary to state receivables at the realizable value. If the financial condition of customers deteriorates resulting in their diminished ability or willingness to make payment, additional provisions for doubtful accounts are recorded. The Company's maximum credit risk exposure corresponds to the carrying amounts of the trade accounts receivable.

	2015	2014
Not past due	$ 7,937	$ 5,287
Past due 1-180 days	4,320	3,341
Past due over 180 days	950	1,121
	13,207	9,749
Allowance for doubtful accounts	(637)	(673)
	$ 12,570	$ 9,076

Allowance for doubtful accounts		
	2015	2014
Balance at beginning	$ 673	$ 578
Impairment losses recognized	(323)	(161)
Additional provisions	287	256
Balance at the end	$ 637	$ 673

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in the capital disclosures discussion in note 26 below. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The following are contractual maturities of financial liabilities as of April 30, 2015 and 2014.

2015	Total	Less than 1 year	1-3 years	4-5 years	Beyond
Accounts payable and accrued liabilities	$ 8,817	$ 8,817	$ -	$ -	$ -
Term loans	4,500	1,400	2,300	800	-
Other long-term debt	289	56	97	94	42
	$ 13,606	$ 10,273	$ 2,397	$ 894	$ 42

2014	Total	Less than 1 year	1-3 years	4-5 years	Beyond
Accounts payable and accrued liabilities	$ 5,426	$ 5,426	$ -	$ -	$ -
Term loan	3,500	1,000	2,000	500	-
	$ 8,926	$ 6,426	$ 2,000	$ 500	$ -

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is primarily related to the Company's term loans, bearing interest at the Bank's Canadian prime rate plus an additional margin. As at April 30, 2015, the outstanding balance of the term loans amounted to $4,500,000 (April 30, 2014 – $3,500,000).

Based on the value of the interest bearing term loans, a 1% change in interest rates would not have a significant impact on profit assuming all other variables remained constant.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk comprises three types of risk: currency risk; interest rate risk; and other price risk, comprising those changes caused by factors specific to the financial instrument or its issuer, or factors affecting all similar instruments traded in the market. The Company's exposure to financial instruments with market risk characteristics is insignificant.

26. Capital disclosures:

The Company defines capital as equity, term loans, and bank advances, net of cash. The Company objectives in its management of capital is to safeguard its ability to continue funding its operations as a going concern, ensuring sufficient liquidity to finance its operations, working capital, capital expenditures, organic growth, potential future acquisitions, and to provide returns to shareholders through its dividend policy. The capital management objectives remain the same as for the previous fiscal year.

Its capital management policies may also include promoting shareholder value through the concentration of its shareholdings by means of purchasing its own shares for cancellation through normal course issuer bids when the Company considers it advisable to do so.

Historically, the Company followed an approach that relied almost exclusively on its own liquidity and cash flow from operations to fund its activities as its policy was to maintain a minimum level of debt. Additionally and whenever possible, the Company optimized its liquidity requirements by non-dilutive sources, including tax credits, and interest income.

During fiscal 2013, the Company completed the arrangement for new credit facilities to ensure that the growth trends could be sustained as positive indications of the resurgence of the supply chain management market translated to higher bookings for the Company's products and services and a corresponding increase in headcount to meet the higher demand for its services and to capture pipeline opportunities. The anticipated expansion of its working capital due to business growth, its investment in

the integration and training of new resources, the new expanded offices, as well as the significant investment in the migration of the Company's flagship product, EliteSeries onto a Java platform were the underlying motivation for the new credit facilities comprising a term loan of $5,000,000 and an operating line of credit of $5,000,000. In April 2015, the Company renewed its banking agreement and credit facilities and undertook a new term loan of $2,000,000, after paying $2,500,000 on the original term loan, to continue to ensure a strong balance sheet to sustain future growth.

In April 2015, the Company also completed an offering of 775,280 common shares through a bought deal financing arrangement generating new net equity capital of $6,096,000 after underwriter's fees and expenses. The Company expects to use the net proceeds for working capital, general corporate purposes, to fund growth, to provide for possible future acquisitions, and to restore liquidity to strengthen the balance sheet as the acquisition of Logi - D Holding Inc. was funded from existing cash balances. The Company has agreed that it will not issue or dispose of any additional common shares in the ninety days subsequent to the bought deal without the consent of the lead underwriter. Additionally, all the directors, officers, and the spouse of a key director may not sell any of their common shares during the 75-day period following the completion bought deal financing.

In order to maintain or adjust its capital structure, the Company may upon approval from its Board of Directors, issue shares, repurchase shares for cancellation, adjust the amount of dividends to shareholders, pay off existing debt, and extend or amend its banking and credit facilities as deemed appropriate under the specific circumstances. The Company's banking and credit facilities require adherence to financial covenants. The Company is in compliance with these covenants as at April 30, 2015 and April 30, 2014. Other than its banking agreement covenants, the Company is not subject to externally imposed capital requirements beyond the restrictions of the bought deal discussed earlier.

27. Operating segments:

Management has organized the Company under one reportable segment: the development and marketing of enterprise-wide distribution software and related services. Substantially all of the Company's property and equipment, goodwill and other intangible assets are located in Canada. The Company's subsidiary in the U.S. comprises sales and service operations offering implementation services only.

Following is a summary of revenue by geographic location in which the Company's customers are located:

	2015	2014
Canada	$ 19,229	$ 17,240
United States	36,502	28,422
Other	1,553	896
	$ 57,284	$ 46,558

Non-current assets of the Company are all located in the Canadian entity as at April 30, 2015 and 2014.

28. Comparative figures:

Certain comparative figures have been reclassified to conform with the basis of presentation used in the current year.

29. Subsequent event:

On July 8, 2015, the Company's Board of Directors approved an 11% increase of the quarterly dividend from $0.0225 per share to $0.025 per share. To this effect, the Company declared a dividend of $0.025 per share, to be paid on August 6, 2015 to shareholders of record on July 22, 2015.

General Information

Common Share Information

Principal Market

The Company's common shares were first listed on the Toronto Stock Exchange (TSX) on July 27, 1998. The stock symbol of the Company's common shares is TCS. The following table sets forth the high and low prices, as well as the trading volume for the common shares for the fiscal periods shown below.

Fiscal Year 2015: May 1, 2014 to April 30, 2015

	High	Low	Volume
First Quarter	$ 6.96	$ 5.91	661,159
Second Quarter	$ 8.35	$ 6.69	676,739
Third Quarter	$ 9.50	$ 7.73	298,978
Fourth Quarter	$ 10.35	$ 8.36	903,884

Dividend Policy

TECSYS' dividend policy is determined by the Board of Directors, taking into account the Company's financial condition and other factors deemed relevant. On February 26, 2008, TECSYS' Board of Directors announced that it approved a dividend policy to declare a cash dividend of $0.02 per common share to its shareholders to be distributed following the release of its financial results of the first and third quarter of each financial year. On July 8, 2014, the Company's Board of Directors approved changing the dividend policy from a semi-annual basis to a quarterly basis. On July 8, 2015 the Company's Board of Directors approved an increase of the quarterly dividend to $0.025 per share to be paid on August 6, 2015 to shareholders of record on July 22, 2015.

Below is TECSYS' dividend payment history and increases:

Dividend Period	Amount	Date Paid
Semi-Annual		
Q3, 2008	$ 0.020	31-Mar-08
Q1, 2009	$ 0.020	07-Oct-08
Q3, 2009	$ 0.020	31-Mar-09
Q1, 2010	$ 0.025	07-Oct-09
Q3, 2010	$ 0.025	31-Mar-10
Q1, 2011	$ 0.025	06-Oct-10
Q3, 2011	$ 0.030	31-Mar-11
Q1, 2012	$ 0.030	06-Oct-11
Q3, 2012	$ 0.030	30-Mar-12
Q1, 2013	$ 0.035	05-Oct-12
Q3, 2013	$ 0.035	29-Mar-13
Q1, 2014	$ 0.035	04-Oct-13
Q3, 2014	$ 0.040	28-Mar-14
Quarterly		
Q1, 2015	$ 0.0225	06-Aug-14
Q2, 2015	$ 0.0225	10-Oct-14
Q3, 2015	$ 0.0225	06-Jan-15
Q4, 2015	$ 0.0225	09-Apr-15

Investor Inquiries

In addition to its Annual Report, the Company files an Annual Information Form (AIF), as well as a Management Proxy Circular with the Canadian Securities Commissions which are available on TECSYS' web site (*www.tecsys.com*) and on SEDAR (*www. sedar. com*). For further information or to obtain additional copies of any of the above-mentioned documents, please contact:

Investor Relations

TECSYS Inc.
1 Place Alexis Nihon
Suite 800
Montreal, Quebec H3Z 3B8
Canada

Tel: (800) 922-8649
(514) 866-0001
Fax: (514) 866-1805

investor@tecsys.com
www.tecsys.com

Directors and Executive Management

Board of Directors

Frank J. Bergandi
Business Consultant

David Brereton
Executive Chairman of the Board
TECSYS Inc.

Peter Brereton
President and CEO
TECSYS Inc.

André Duquenne (1) (2)
President
T2ic Inc.

Vernon Lobo (2)
Managing Director
Mosaic Venture Partners Inc.

Steve Sasser (1) (2)
Co-Founder and CEO
Merlin Technologies Corporation

David Wayland (1)
Corporate Director
MRRM Inc.

Executive Management

David Brereton
Executive Chairman of the Board

Peter Brereton
President and CEO

Berty Ho-Wo-Cheong
Vice President, Finance and Administration,
Chief Financial Officer and Secretary

Greg MacNeill
Senior Vice President, World Wide Sales

Pedro Patrao
Senior Vice President, Global Services

Robert Colosino
Vice President, Business Development and Marketing

Jason McDermott
Vice President, Sales

Larry Lumsden
Vice President, Products

Dimitrios Argitis
Vice President, Professional Services & Cloud Solutions

Luigi Friio
Vice President, Custom Enhancements

Patricia Barry
Vice President, Human Resources

Catalin Badea
Chief Technology Officer

Catherine Sigmar
Vice President and General Manager
SMB

(1) Member of the Audit Committee
(2) Member of the Compensation Committee

Corporate Information

North America

Corporate Headquarters
TECSYS Inc.
1 Place Alexis Nihon
Suite 800
Montreal, Quebec H3Z 3B8
Canada
Tel: (800) 922-8649
(514) 866-0001
Fax: (514) 866-1805

TECSYS U.S., Inc.
1040 Avenue of the Americas
4th Floor
New York City, New York 10018
USA
Toll Free: (800) 922-8649

TECSYS Inc.
15 Allstate Parkway
Suite 501
Markham, Ontario L3R 5B4
Canada
Tel: (905) 752-4550
Fax: (905) 752-6400

Logi - D Holding Inc.
Wholly Owned Subsidiary of TECSYS Inc.
5550 Boulevard des Rossignols
Laval, Quebec H7L 5W6
Canada
Tel: (450) 628-8800
Fax: (450) 688-3288

Central & South America

Cerca Technology
Previously called: Tecsys Latin America Ltd.
Av Cra 15 # 122-75 Torre A Piso 5
Edificio Jorge Baron
Bogotá D.C, Colombia
Tel: (57-1) 740 6903 Ext. 131
Fax: (57-1) 640 7416

Distributor for:
Puerto Rico,
Central & South America,
and the Caribbean

Investor Inquiries

TECSYS Inc.
Investor Relations
1 Place Alexis Nihon
Suite 800
Montreal, Quebec H3Z 3B8
Canada
Tel: (800) 922-8649
(514) 866-0001
Fax: (514) 866-1805
investor@tecsys.com
www.tecsys.com

Subsidiaries

TECSYS U.S., Inc.
TECSYS CDI, Inc.
TECSYS Europe Limited
LOGI D HOLDING INC.
LOGI D INC.
LOGI D CORP.

Auditors

KPMG LLP
Montreal, Quebec, Canada

Bankers

National Bank of Canada
Montreal, Quebec, Canada

Legal Counsel

Mccarthy Tétrault LLP
Montreal, Quebec, Canada

Transfer Agent And Registrar

Computershare Investor Services Inc.
100 University Ave.
9th Floor, North Tower
Toronto, Ontario M5J 2Y1
Canada
Tel: (514) 982-7555 or (800) 564-6253
Fax: (514) 982-7635
service@computershare.com

TECSYS Inc.
1 Place Alexis Nihon
Suite 800
Montreal, Quebec H3Z 3B8
Canada
Tel: (800) 922-8649
(514) 866-0001
Fax: (514) 866-1805

www.tecsys.com

©2015, TECSYS Inc.

All names, trademarks, products, and services mentioned are registered or unregistered trademarks of their respective owners.

Printed in Canada

TECSYS®
Your Supply Chain Matters.™